



Minister for Commerce  
Minister for Finance  
Minister for Industrial Relations  
Minister for Ageing  
Minister for Disability Services  
Leader of the Government in the Legislative Council

8 December 2006

Mr John Evans  
Clerk of the Legislative Council and the Clerk of the Parliaments  
Parliament House  
Macquarie Street  
Sydney NSW 2000

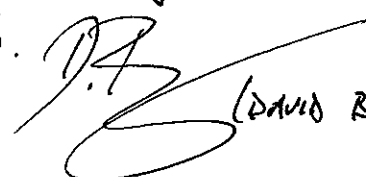
Dear Mr Evans

On 8 June 2006 the Legislative Council General Purpose Standing Committee No. 5 released Report No. 25 *A sustainable water supply for Sydney*.

In accordance with the Standing Orders, please find attached the Government's response to the recommendations of the Report.

Yours sincerely

John Della Bosca MLC

Received by me for the  
Clerk of the Parliaments  
4.50 pm Friday 8 December  
2006.  (DAVID BRYANT)

**NSW GOVERNMENT RESPONSE TO:**

**LEGISLATIVE COUNCIL GENERAL PURPOSE STANDING  
COMMITTEE NO. 5, REPORT NO 25:  
*A SUSTAINABLE WATER SUPPLY FOR SYDNEY***

**December 2006**

**NSW GOVERNMENT RESPONSE  
LEGISLATIVE COUNCIL GENERAL PURPOSE STANDING COMMITTEE NO. 5  
REPORT NO 25. A SUSTAINABLE WATER SUPPLY FOR SYDNEY**

**Preface**

The NSW Government is pleased to provide its response to the Legislative Council General Purpose Standing Committee No. 5 Report on *A sustainable water supply for Sydney*.

The ongoing drought in Sydney and throughout NSW demonstrates the importance of careful management of our water resources over the long-term in order to sustain our communities, businesses and the environment.

That is why in 2004 the NSW Government developed the *Metropolitan Water Plan* to ensure a secure and sustainable water future for Sydney, and in May 2006 released the revised and updated *2006 Metropolitan Water Plan*. The *2006 Plan* sets out how, through a diverse mix of measures, it is now assured that Sydney:

- has more than enough water to meet its needs,
- is in a strong position to accommodate population growth, and
- can withstand this current drought and any droughts it may encounter in the future.

This mix of measures includes substantial increases in recycling to 70 billion litres per year by 2015, and comprehensive water savings measures that will reduce demand by 145 billion litres per year by 2015 – targets that have now also been set in the NSW State Plan released in November 2006. The measures also include new supplies such as accessing deepwater in dams, along with groundwater and desalination readiness strategies in case of extreme drought. The *Plan* sets out how the NSW Government will protect catchment and river health, create a dynamic and competitive water industry, and manage Sydney's water supplies adaptively into the future.

The NSW Government has also established the Metropolitan Water Independent Review Panel to provide independent expert input on metropolitan water planning matters, and to oversee community consultation to ensure that the community's views are integrated into future reviews of the *Metropolitan Water Plan*.

It is recognised that much of the Inquiry's work was undertaken prior to the release of the *2006 Metropolitan Water Plan*, and it is pleasing to see that the Inquiry Report has acknowledged and supported many of the initiatives which have been put in place by the NSW Government.

The NSW Government's responses to the 22 specific Inquiry Report recommendations are attached, and these provide further information on the range of NSW Government initiatives to secure Sydney's water supplies.

## Recommendations and Responses

**Recommendation 1:** That Sydney Water institute a regular liaison and information sharing process with the local councils and community groups near the Kurnell desalination plant site.

Sydney Water has instituted an information sharing process with Sutherland Shire Council and other stakeholders near the Kurnell desalination plant site. This has included inspections of the desalination plant site and the conservation area with local stakeholders, an inspection by local Councils of the pilot plant compound and discussions regarding the management plan for the conservation area.

Sydney Water is committed to continuing to engage with local environment groups in creating management plans for the site and the adjoining conservation area. During the Environmental Assessment (EA) phase from 24 November 2005 to 3 February 2006, Sydney Water conducted ongoing consultation and liaison with stakeholders including individual information sessions, public forums, a website and hotline. Sydney Water continues to respond to inquiries received via the hotline and website and regularly shares information by updating the desalination section of its website.

**Recommendation 2:** That the Minister for Planning remove the critical infrastructure status from the Kurnell desalination project.

The Department of Planning recommended that the Minister declare the Kurnell desalination project to be critical infrastructure because it considered the project to be essential to the State for a number of reasons, as follows.

### *Economic*

- Implications of reduced and rationed water supply to major commercial and industrial centres in the Sydney area.
- Implications for Government and subsequently the public associated with importation of water to meet water supply shortfalls (for example, trucking water in from external catchments).
- Implications of policing rationed water supplies and the potential for unlawful attempts to maintain water supply.

### *Social*

- The potential implications of reduced and rationed water supply to essential social services, including hospitals, schools and fire fighting capabilities.
- The potential equity disparity associated with increased cost and reduced supply of water, such that some socio-economic groups may face increased difficulties in affording and accessing water supplies.
- The potential implications in the event that unsafe water supplies are accessed by the public to offset reduced and rationed potable water supplies.
- The potential implications of reduced water supplies for recreational uses (eg major sporting complexes).
- The security implications of relying on a single source of water.

### *Environmental*

- The potential implications of extraction of water from external sources, with impacts at the extraction source and along transportation routes (both environmental and amenity impacts).

These reasons remain current, and the NSW Government's desalination readiness strategy - under which the contract to construct a desalination plant will not be awarded until storages are around 30% - does not change the essential nature or the critical infrastructure status of the project.

**Recommendation 3:** That the Government commit to developing additional green energy generation capacity equal to the demand of the desalination plant, if it is ever built.

As confirmed in the *2006 Metropolitan Water Plan* the NSW Government has committed that, if it becomes necessary to construct and operate a desalination plant, it will effectively be powered 100 per cent using renewable energy, meaning it will have no net greenhouse impact.

This has now been given force in the conditions imposed by the Minister for Planning in granting approval to the desalination plant on 16 November 2006. The conditions require that a Greenhouse Gas Reduction Plan be developed prior to the commencement of operation of the desalination plant, to achieve a specified outcome of powering the desalination plant with 100% renewable energy, or equivalent. The Greenhouse Gas Reduction Plan is also required to address issues such as the availability, certainty, flexibility, adaptability, additionality and any co-benefits of greenhouse offset options.

**Recommendation 4:** That Sydney Water develop, undertake and include in the Environmental Assessment (or replacement document) further analysis on the impact of seawater concentrate discharges on water quality and aquatic ecology.

The Director-General of the Department of Planning is required by law to consider the adequacy of each Environmental Assessment submitted in support of a major project application under Part 3A of the Environmental Planning and Assessment Act 1979. Environmental Assessments are only released for public exhibition and consultation where they are deemed to be adequate by the Director-General.

In the case of the Kurnell Desalination project, the Director-General considered the adequacy of the Environmental Assessment and determined that the document was adequate for the purpose of assessing environmental impacts of the proposal and for the purpose of public consultation on the project. This includes adequacy of the Environmental Assessment with respect to forming a position on the water quality and ecological implications of the desalination plant. Sydney Water in its Environmental Assessment is committed to having no significant impact on seawater quality or aquatic ecology from the seawater concentrate beyond the near field mixing zone. Pilot testing, toxicity testing and further modelling will inform the design and chemical selection to achieve this objective.

The Minister for Planning has now granted approval to the desalination proposal, subject to a suite of conditions to minimise, manage and monitor impacts on water quality and aquatic ecology. The conditions imposed by the Minister include:

- prohibition of discharge of lime sludge and pre-treatment backwash solids to protect water quality and aquatic ecology;
- a requirement that design and operation of the discharge infrastructure must: meet ANZECC water quality criteria at the edge of the mixing zone; achieve a target dilution of 30 times at the edge of the mixing zone; minimise the potential for acute ecotoxicity; and to reflect refinement of the discharge location to minimise impacts on aquatic ecology;
- a requirement for further surveys for the weedy seadragon prior to the commencement of construction, and if identified, development of specific management measures to minimise impacts on those species;
- a requirement that the intake infrastructure be designed to minimise intake velocity (to 0.1 metre per second) and to minimise the potential for entrainment and impingement of marine biota;
- a requirement for assessment of cleaning chemicals to minimise the potential for ecotoxic effects;

- a requirement for a comprehensive Marine Water Quality and Ecosystem Monitoring Program to be developed and implemented to: characterise existing water quality and ecological health; calibrate and optimise dispersion modelling; refine intake and discharge designs to minimise impacts; and to monitor water quality and ecological health as a result of operation of the desalination plant.

**Recommendation 5:** That, as part of the planning process for the desalination plant, Sydney Water undertake and report on opportunities for accepting and making use of waste water from nearby industrial plants.

The NSW Government is fully committed to water recycling for industrial uses in Sydney where feasible.

For example, the Government is supporting industrial non-potable recycling projects around Botany Bay through its Water Savings Fund. It is investing \$5.18 million in a project to recycle around 6 million litres of effluent per day from the Cronulla Sewage Treatment Plant to supply Caltex and Continental Carbon at Kurnell. The Government will be providing a further \$881,000 to Sutherland Shire Council to recycle effluent from Cronulla Sewage Treatment Plant for use on 14 sports ovals, two local high schools, the Cronulla Sutherland Leagues Club, two industrial estates and two golf courses. The Government is also supporting other projects, such as an industrial reuse project by Orica, at Botany.

The Committee's recommendation implies that industrial wastewater could be used as an input to the desalination plant. The NSW Government does not support introducing industrial wastewater into Sydney's drinking water supply at this time. The *2006 Metropolitan Water Plan* shows that Sydney's supplies are more than sufficient to meet the demands of a growing population without recycling for drinking purposes. Therefore, the recycling of industrial wastewater for drinking purposes via the desalination plant has not been included in the planning process.

**Recommendation 6:** That Sydney Water consider utilising further housing developments to replicate the success of the water recycling project at Rouse Hill.

The NSW Government is committed to ensuring new residential development proceeds with dual reticulation (that is, third pipe systems for recycled water for non-potable domestic use) wherever that is practical and cost effective. For example, under the State Environmental Planning Policy (Sydney Region Growth Centres) 2006, new developments must connect to recycled water where it is available.

Sydney Water has commenced construction of the Ropes Crossing development in Sydney's west, which will provide 920 million litres a year of recycled water for home and industrial use. There are several additional areas where dual reticulation schemes similar to Rouse Hill are envisaged. These include Hoxton Park, the North West & South West growth areas via the Western Sydney Recycled Water Initiative, and Stage 3 of Rouse Hill.

The Hoxton Park recycled water scheme is currently under construction in the Hoxton Park new release area. The plant will be running in 2009 and will ultimately provide 3.1 billion litres of recycled water a year by 2019. The Western Sydney Recycled Water Initiative will provide recycled water via dual reticulation to all 160,000 new homes to be built in new suburbs in Sydney's north west and south west.

**Recommendation 7:** That Sydney Water consider a different structure of incentives for households that choose to install a rainwater tank, including subsidised professional instalment and maintenance costs.

The NSW Government is fully committed to Sydney Water's Rainwater Tank Rebate scheme and has, since the Committee's report was tabled, announced that the rebate for connection of a tank to a washing machine and/or toilet will be doubled from \$150 to \$300, bringing the total potential rebate for a 7,000 litre tank to \$800.

There are many types, manufacturers, retailers and installers of rainwater tanks, and Sydney Water's Rainwater Tank Rebate operates to provide a financial offset to the owner. The Government believes the best way to ensure the take up of rainwater tanks and other water saving initiatives is to provide customers with a financial incentive, and allow them to choose the means of procurement and installation that is best for them. The program has been developed to provide the best possible encouragement for participation while providing suitable information on the appropriate operation and maintenance of tanks.

The rebate scheme is very successful with almost 25,000 rebates being paid at a value of over \$7 million and saving almost 1 billion litres per year. There is also a specific dedicated program for schools which has seen around 100 schools install rainwater tanks. Furthermore, the implementation of BASIX is driving greater use of rain water through an increase in the installation of rainwater tanks in new developments.

**Recommendation 8:** That Sydney Water continue to develop its Active Leakage Reduction program and publish estimates of both the number of leaks in the system and their subsequent reduction.

Sydney Water's annual leakage rate is reported in its Annual Report. Sydney Water also publishes a Monthly Leak Report, which is available on its website ([www.sydneywater.com.au](http://www.sydneywater.com.au)). As at late July 2006, Sydney Water's leakage rate was 8.5% - which is a strong performance against world-wide industry standards.

While international comparisons are difficult, leakage in the UK is generally between 12 to 15 per cent, however, in London leakage from the water system was in excess of 20 percent in 2003/04.

The Active Leak Reduction Program has already been accelerated and has reduced leakage by around 25%. Over the next four years Sydney Water will invest \$300 million to reduce leakage by a further 25 per cent. As part of this, Sydney Water will:

- scour 18,000 kilometres of water mains for hidden leaks each year;
- replace 300 kilometres of water mains;
- improve response times to leaks and breaks.

Sydney Water has trialled a revolutionary leak detection device to more accurately assess trunk main leakage. The Sahara system has been used extensively overseas, but not before under Australian conditions.

The leak detection system was used to check for leaks in a number of large water mains around Sydney. It is expected that recommendations for the ongoing application of the Sahara leak detection technology will be available in the near future.

In a visit to Australia last year, the International Water Association (IWA) Water Loss Task Force commented that Australia's urban water utilities, including Sydney Water, are world leaders in leakage management.

**Recommendation 9:** That Sydney Water develop transparent measures through which to weigh the costs and benefits to the community of private involvement in water reuse initiatives.

Sydney Water has a thorough assessment process to ensure that private sector involvement is appropriate, the project will deliver net financial and non-financial benefits to Sydney Water and the community, and there will be an appropriate allocation of risks between Sydney Water and the private sector. Sydney Water transparently reports on all its activities, including those that involve the private sector, through its Annual Report and reports on its Statement of Corporate Intent.

Sydney Water has involvement in a number of industrial recycling projects in the Greater Sydney region – including the Camellia Recycled Water Project, the Western Sydney Recycled Water Initiative, the BlueScope Steel plant at Port Kembla and recycling at the Caltex and Continental Carbon plants at Kurnell, and industrial reuse by Orica at Botany. Assessments for all projects are carried out with the aim of delivering the best outcomes for people and the environment.

The NSW Government is also leading Australia in introducing competition to the metropolitan water industry in order to promote private sector investment and innovation in recycled water initiatives. These reforms are based on an extensive process of public consultation, including the NSW Government's *Consultation Paper, Creating a Dynamic and Competitive Metropolitan Water Industry* (May 2006) and investigations into water and wastewater service provision in the Greater Sydney Region undertaken by the Independent Pricing and Regulatory Tribunal in 2005.

The new *Water Industry Competition Act* (2006) establishes Australia's first industry-specific State-based water and wastewater access regime and is expected to lead to significant innovation in service provision and increased recycling. Initially, third party access to the services of significant infrastructure will be available in the greater Sydney and Hunter regions only. The Act also includes a licensing framework that has been developed for new private sector retailers and network suppliers of recycled water and other water services. Licences will ensure transparency of operations and the protection of public health, the environment and consumers.

**Recommendation 10:** That, during its next round of deliberations, the Independent Pricing and Regulatory Tribunal consider altering the price structure of water further in favour of variable costs over fixed ones. This may require the Government to investigate appropriate subsidies or other forms of assistance for the economically vulnerable.

The Independent Pricing and Regulatory Tribunal (IPART) is an independent body that is not subject to the control of the Government in respect of any determination.

In September 2005, IPART released its most recent pricing determination for water and sewerage services for Sydney, Illawarra and the Blue Mountains. The new price structure came into effect on 1 October 2005 and will operate until 2009.

The new pricing structure aims to encourage households and businesses to use water more wisely and better reflect the value of water. In the determination, the fixed water charge was reduced and the water usage charge increased. Additionally, the new structure included the implementation of a two tier pricing structure – with a higher water charge for households that use more than 100 kilolitres of water each quarter.



Included in these measures are "safety net" provisions recommended by IPART, including free residential retrofits of water-saving appliances and a rebate of up to \$40 annually for large low-income families.

The impacts of changes to price structure need to be examined over a period of time in order to gain an understanding of trends and changes to customer behaviour. When the next Price Determination for Sydney commences in 2009, the Government will take the effectiveness of the current changes into account before making a submission for the consideration of IPART.

**Recommendation 11:** That Sydney Water produce a quarterly water bill that informs consumers of their water costs compared to the average consumed by similar households in the community, based on the national guidelines currently being developed by the Council of Australian Governments.

The NSW Government is a signatory to the Council of Australian Government's National Water Initiative. Clause 66(iv) of the National Water Initiative is: "development of national guidelines for customers' water accounts that provide information on their water use relative to equivalent households in the community by 2006". Sydney Water is participating in the panel that has completed a draft of these guidelines. Once the guidelines are finalised and approved nationally, Sydney Water will consider how best to implement them.

**Recommendation 12:** That the Government expand and diversify its current community education campaigns to inform the community of the value of continuing commonsense and practical water conservation behaviours even in non-drought times.

The people of Sydney have responded magnificently to the drought restrictions now in place by adopting a range of sensible outdoor water use practices to save significant amounts of water. If such behaviours were to continue after the drought has ended, these savings would be ongoing.

The NSW Government is aware that experience in other states suggests that governments can encourage sensible outdoor water use in non-drought periods, and is also currently contributing to a National Water Commission review of water restrictions across Australia.

At the end of this drought in Sydney, the NSW Government will review the experience of outdoor water savings and consider how to build on it to encourage ongoing water saving behaviours.

**Recommendation 13:** That Sydney Water allocate revenue from the sale of water over and above the water saving operating targets to the Water Savings Fund.

The *2006 Metropolitan Water Plan* sets out the mix of measures which are being implemented so that it is now ensured that Sydney:

- has more than enough water to meet its needs,
- is in a strong position to accommodate population growth, and
- can withstand this current drought and any droughts it may encounter in the future.

The *Plan* has been developed to achieve these outcomes while minimising economic and environmental costs. The Water Savings Fund is a key component of the Plan, and the Fund has been designed to support water savings initiatives which would not proceed without funding assistance, while ensuring these water savings are as cost-effective as possible. The first two rounds of the Water Savings Fund have provided more than \$33 million to 68 recycling, harvesting and efficiency projects, to save 6.5 billion litres of water a year. Sydney

Water's comprehensive demand management program is also funded through the Water Savings Fund.

Simply allocating further revenue to the Fund from the sale of water will not necessarily minimise economic and environmental costs. It does not take account of the need for an integrated approach to achieve a sustainable water supply as set out in the 2006 *Metropolitan Water Plan*, nor the need for Sydney Water to recover its costs in delivering the water, as considered by IPART in its pricing determinations.

**Recommendation 14:** That the NSW Department of Planning continue to monitor the success of the Building Sustainability Index, with a view to technological progress and the potential for the Building Sustainability Index to be expanded.

The NSW Government is committed to the monitoring of BASIX. For example, since the release of the Inquiry's report, the BASIX Completion Receipt system commenced on 1 July 2006. This requires all Principal Certifying Authorities to identify completed and occupied BASIX-compliant homes. The purpose of the Completion Receipt Scheme is for the Department of Planning to know when a BASIX affected building has been constructed and occupied.

This notification is an important aspect of the BASIX Monitoring and Evaluation program, which the Department is working on in partnership with energy and water utilities to determine the extent to which BASIX is delivering on forecast energy and water savings. Information from the BASIX Monitoring and Evaluation program will be used to inform future reviews of BASIX and further iterations of the *Metropolitan Water Plan*.

**Recommendation 15:** That Sydney Water trial individual household water readings in high density housing, if possible in conjunction with simultaneous reading of gas and electricity meters, and that a cost benefit analysis of this trial be undertaken.

Sydney Water is already examining the feasibility of requiring individual metering on new medium and high-rise buildings. This will become more important as the mix of new housing shifts from free standing houses to a higher proportion of strata units.

Sydney Water is currently conducting a project to pilot individual unit metering to encourage residents to save water. The pilot project includes the installation of individual water meters in two new multi-unit buildings; one building involves the manual reading of individual meters and the other uses internally installed data loggers and systems to remotely record the water usage.

An important part of the pilot is trialling various data logging methods for remote meter reading. When the best technology for this has been identified, opportunities to use it for other utility services will also be considered.

If successful, individual metering would allow residents to monitor their water use which in turn could provide water savings. The aim of the trial is to determine if individual water metering is a feasible option for new apartments. Installing meters in new apartments allows them to be planned for in the building's design stage.

Sydney Water plans to complete fitting and testing of data loggers and assess the benefits and costs of the project by mid 2007.

**Recommendation 16:** That the Department of Natural Resources, as a matter of urgency, finalise the water sharing plan for the Sydney region, including allocations of environmental flows to the Hawkesbury-Nepean and Shoalhaven Rivers.

The Department of Natural Resources is finalising the draft Greater Metropolitan Region Water Sharing Plan for public exhibition. The final Plan will secure water for the environment for the Hawkesbury-Nepean and Shoalhaven Rivers and other rivers within the area of the Plan.

Further details on environmental flow releases to the Hawkesbury-Nepean and Shoalhaven Rivers are provided in the responses to recommendations 17 and 18 below.

**Recommendation 17:** That the Department of Natural Resources ensure that adequate environmental flows are restored to the Hawkesbury-Nepean River, in line with a finalised water sharing plan for the Sydney region.

The *2006 Metropolitan Water Plan* outlines the Government's commitments to environmental flow releases from Sydney's major water supply reservoirs to benefit the health of the Hawkesbury-Nepean River. It reiterates the Government's commitment to enhanced releases from the upper Nepean dams owned by the Sydney Catchment Authority. It is intended that the commitments, together with other measures that will formalise the protection of environmental water, will be adopted through the Greater Metropolitan Region Water Sharing Plan. For example, there will be rules which will prevent water from being extracted from streams and rivers in times of low or very low stream flows.

The Sydney Catchment Authority's current Water Management Licence provides for provisional environmental flow releases from its Hawkesbury-Nepean dams and weirs, including Warragamba, Cordeaux, Cataract and Nepean dams. Under the *Metropolitan Water Plan*, from 2009, the volume of interim environmental flows released from Warragamba Dam will be increased if there is sufficient water available at that time to meet both the needs of the population and the rivers. The Government is also presently investigating options to replace a proportion of the Warragamba releases with recycled water from the Western Sydney Recycled Water Initiative.

Similarly, Delta Electricity's current Water Management Licence requires it to make environmental flow releases from its dams in the Coxs River area of the Hawkesbury-Nepean.

**Recommendation 18:** That the Department of Natural Resources ensure that adequate environmental flows are restored to the Shoalhaven River, in line with a finalised water sharing plan for the Sydney region.

The Department of Natural Resources is leading a comprehensive investigation into a range of options for future environmental flow releases from Tallowa Dam to the lower Shoalhaven River. The investigation is considering which of these options is likely to have the best outcome, on balance, for river flows, water quality, aquatic and riparian ecology, fish passage, estuarine requirements, cultural heritage, and social and economic factors. There has been extensive community consultation on the environmental flow options through a range of means, including a detailed dialogue with the Shoalhaven Community Reference Group and the publication of a discussion paper, coupled with a public submission process.

After the community's input has been reviewed and the preferred Tallowa flow rules have been identified, these will be included in the draft Greater Metropolitan Region Water Sharing Plan when it is released for public exhibition, and then finalised for the commencement of the Plan. The Water Sharing Plan will also include a suite of measures to protect and provide for

environmental water in other parts of the Shoalhaven River catchment, including rules to prevent irrigation extractions in periods likely to cause undue environmental stress, such as periods of very low stream flows.

In the meantime, provisional environmental flow releases from Tallowa Dam to the lower Shoalhaven River will continue, as will protection of environmental water in part of the Shoalhaven catchment (the Kangaroo River Water Source) through a water sharing plan already in force.

**Recommendation 19: That the Government undertake a cost/benefit analysis of installing renewable energy resources to match the amount of electricity used to transfer water from the Shoalhaven to the Nepean and Warragamba Dams.**

The Sydney Catchment Authority has undertaken a major community consultation exercise on future increased use of the Shoalhaven Scheme as an integrated component of the metropolitan water supply system. The discussion paper released for the consultation canvasses six options to transfer water from Tallowa Dam to Sydney dams. The final assessment of options will consider the costs and benefits of energy use and recovery of these transfer options. Some of the Shoalhaven options have the potential to recover up to around 60 percent of energy used for water transfer pumping.

The SCA has also looked at options for installing renewable energy facilities at all of its existing infrastructure. The SCA is reviewing the economics and feasibility of mini-hydroelectricity plants at four potential sites.

**Recommendation 20: That the Government apply a broader cost benefit analysis of the economic, social and environmental costs and benefits of water management options when developing Sydney's future Metropolitan Water Plans.**

The NSW Government is not only committed to applying broad cost benefit analysis of the economic, social and environmental costs and benefits of water management options in the development of Sydney's future Metropolitan Water Plans, it has already taken this approach when developing the current *2006 Metropolitan Water Plan*.

In 2005, the NSW Government commissioned independent experts Professor Stuart White of the Institute for Sustainable Futures and Mr David Campbell of ACIL Tasman to undertake a major analysis of the factors influencing Sydney's water supply and demand. The key objectives of their analysis included providing a secure supply of water that can meet the long term needs of Sydney, ensuring that water supplies are adequate during drought, and minimising costs to the community and the environment. Their findings and recommendations underpin the *2006 Metropolitan Water Plan*.

In addition, the projects and programs that make up the *2006 Metropolitan Water Plan* have been subject to individual analysis of economic, social, and environmental costs and benefits (eg. the Western Sydney Recycled Water Initiative environmental assessment, and the Shoalhaven Environmental Flows community consultation process).

The NSW Government will prepare status reports each year to confirm that the analysis underpinning the projected supply and demand balance remains valid, and every four years a major review will be conducted and a new *Metropolitan Water Plan* produced. The first of these four-yearly reviews will commence late in 2007.

The Metropolitan Water Independent Review Panel has been established by the NSW Government to provide expert input on metropolitan water planning matters. The Panel comprises experts in fields such as urban water management, the economics of urban water

systems and environmental issues. The Panel's independent expert advice to the Government on the economic, social and environmental costs and benefits of water management options will form a significant input to the four-yearly reviews of the *Metropolitan Water Plan*, and the development of subsequent iterations of the *Plan*.

**Recommendation 21:** That the recommendations of the Metropolitan Water Independent Review Panel on all metropolitan water planning matters be made publicly available, together with a response from Sydney Water.

The recommendations of the Metropolitan Water Independent Review Panel will form a significant input to the four-yearly reviews of the *Metropolitan Water Plan*. The response to the recommendations from the reviews will therefore be embodied in the subsequent iterations of the *Plan*. External to the four-yearly review process, the Premier is also able to seek the Panel's advice on issues relating to Sydney's water management.

**Recommendation 22:** That Sydney Water and the Metropolitan Water Independent Review Panel engage with local councils when consulting on metropolitan water planning strategies for Sydney.

Community input is an important part of water planning for Sydney. The Premier has asked the Metropolitan Water Independent Review Panel to consider how views of the community – including those of local councils – can best be integrated into ongoing planning for Sydney's supply and demand balance. The Panel will recommend consultation methods and will oversee consultation for the review of the *2006 Metropolitan Water Plan*, beginning late 2007, and the development of the next *Plan*.