



LEGISLATIVE COUNCIL

GENERAL PURPOSE STANDING COMMITTEE NO. 4

MEMORANDUM

To	Ms Jan Burnswoods MLC Hon Eric Roozendaal MLC Hon David Clarke MLC Hon Jenny Gardiner MLC Hon Kayee Griffin MLC Hon Sylvia Hale MLC Hon David Oldfield MLC	cc:	Hon Peter Primrose MLC Hon Don Harwin MLC
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From	Budget Estimates Secretariat
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Subject	Answers to questions on notice - Energy and Utilities, Science and Medical Research
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Date	27 October 2004
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Reference	
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Please find attached a copy of the answers provided to the questions taken on notice by the Hon Frank Sartor MP, Minister for Infrastructure, Planning and Natural Resources, at the Budget Estimates hearing on Friday 17 September 2004.

Tanya Bosch
Director, Budget Estimates



NEW SOUTH WALES

MINISTER FOR ENERGY AND UTILITIES
MINISTER FOR SCIENCE AND MEDICAL RESEARCH
MINISTER ASSISTING THE MINISTER FOR HEALTH (CANCER)
MINISTER ASSISTING THE PREMIER ON THE ARTS

MEU Ref: 04/02125

The Director
General Purpose Standing Committees
Parliament of New South Wales
Macquarie Street
SYDNEY NSW 2000

**LEGISLATIVE COUNCIL
COMMITTEES**

27 OCT 2004

RECEIVED

Dear Sir / Madam

Please find enclosed a response to Estimates Committee Question 1 concerning the cost of producing stage 2 water restrictions flyers by Sydney Water asked by the Hon David Clarke MLC on 17 September 2004.

Yours sincerely

Frank Sartor

QUESTION ON NOTICE
ESTIMATES COMMITTEE

Question No: 1

The Hon David Clarke MLC ask the Minister for Energy and Utilities, Minister for Science and Medical Research, Minister Assisting the Minister for Health (Cancer), and Minister Assisting the Premier on the Arts.

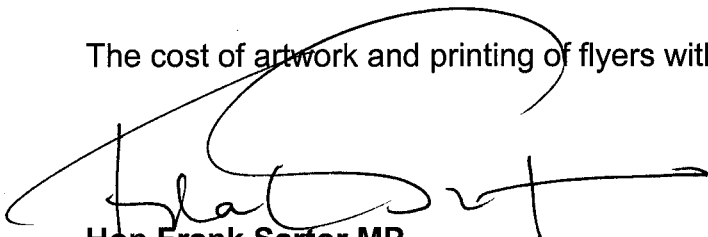
QUESTION

What was the cost of producing the stage 2 water restrictions flyers by Sydney Water?

ANSWER

On 3 June 2004, I announced that in response to concerns raised by customers, Sydney Water had adjusted the restricted hand watering times under the Level 2 mandatory water restrictions to allow an extra hour in the morning and an extra hour in the afternoon.

The cost of artwork and printing of flyers with the original times was \$20,430.



Hon Frank Sartor MP
Minister for Energy and Utilities
Minister for Science and Medical Research
Minister Assisting the Minister for Health (Cancer)
and Minister Assisting the Premier on the Arts



NEW SOUTH WALES

MINISTER FOR ENERGY AND UTILITIES
MINISTER FOR SCIENCE AND MEDICAL RESEARCH
MINISTER ASSISTING THE MINISTER FOR HEALTH (CANCER)
MINISTER ASSISTING THE PREMIER ON THE ARTS

MEU Ref: 04/02126

The Director
General Purpose Standing Committees
Parliament of New South Wales
Macquarie Street
SYDNEY NSW 2000

Dear Sir / Madam

Please find enclosed a response to Estimates Committee Question 2 concerning the drought management plan asked by the Hon Melinda Pavey MLC on 17 September 2004.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Frank Sartor', with a large, sweeping flourish above it.

Frank Sartor

QUESTION ON NOTICE
ESTIMATES COMMITTEE

Question No: 2

The Hon Melinda Pavey MLC ask the Minister for Energy and Utilities, Minister for Science and Medical Research, Minister Assisting the Minister for Health (Cancer), and Minister Assisting the Premier on the Arts.

QUESTION

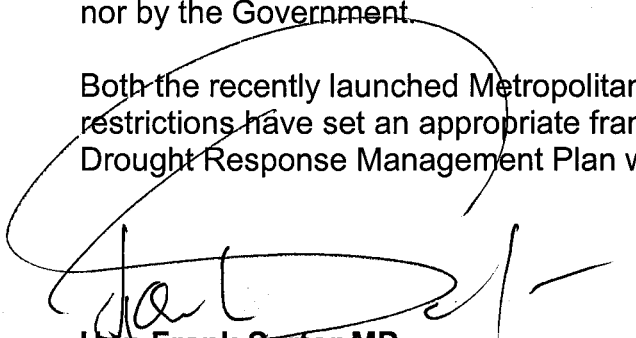
Could a copy of the drought management plan be made available to the public?

ANSWER

I assume you are referring to the Drought Response Management Plan 2002-2012, which was debated extensively in the media over a month ago.

I understand that the Plan was not ever formally endorsed by the Board of Sydney Water, nor by the Government.

Both the recently launched Metropolitan Water Plan and recent actions in relation to water restrictions have set an appropriate framework for water management for Sydney. The Drought Response Management Plan will need to be reviewed in light of this.



Hon Frank Sartor MP
Minister for Energy and Utilities
Minister for Science and Medical Research
Minister Assisting the Minister for Health (Cancer)
and Minister Assisting the Premier on the Arts



NEW SOUTH WALES

MINISTER FOR ENERGY AND UTILITIES
MINISTER FOR SCIENCE AND MEDICAL RESEARCH
MINISTER ASSISTING THE MINISTER FOR HEALTH (CANCER)
MINISTER ASSISTING THE PREMIER ON THE ARTS

MEU Ref: 04/01869

The Director
General Purpose Standing Committees
Parliament of New South Wales
Macquarie Street
SYDNEY NSW 2000

Dear Sir / Madam

Please find enclosed a response to Estimates Committee Question 3 concerning the cold water pollution strategy asked by the Hon Sylvia Hale MLC on 17 September 2004.

Yours sincerely



Frank Sartor

QUESTION ON NOTICE
ESTIMATES COMMITTEE

Question No: 3

The Hon Sylvia Hale MLC ask the Minister for Energy and Utilities, Minister for Science and Medical Research, Minister Assisting the Minister for Health (Cancer), and Minister Assisting the Premier on the Arts.

QUESTION

- (1) When was the cold water pollution strategy developed?
- (2) When will the cold water pollution strategy be implemented?
- (3) How much [\$] has been allocated?

ANSWER

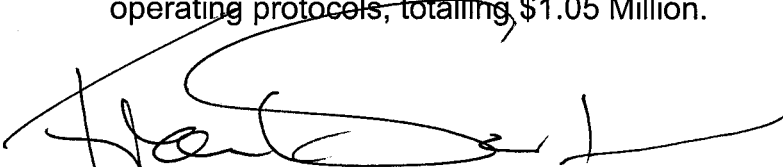
- (1) The Government carefully considered and approved the “ **Strategy to manage the impacts of cold water releases from the State’s largest dams**”.

This strategy was developed by Department of Infrastructure Planning and Natural Resources (DIPNR) in the first half of this year, in consultation with various agencies.

- (2) The implementation is in stages whereby Government agencies and dam operators negotiate and implement discrete five year programs of investigation and works at targeted, priority dams, with each program based on analysis of outcomes from the previous program, assessment of priorities for future works and agreed funding requirements.

The first five year stage (2004-2009) formalises the implementation of cold water mitigation measures (investigations, works and improved operating protocols) that are scheduled and budgeted in the capital works programs of major dam operators (State Water, Sydney Catchment Authority and Snowy Hydro Corporation).

- (3) For the two years 2004/06, in accordance with Stage 1 of the Strategy, State Water has budgeted \$800,000 for structural modifications on existing selective off-take towers, and a further \$250,000 for the installation of monitoring equipment for operating protocols, totalling \$1.05 Million.



Hon Frank Sartor MP
Minister for Energy and Utilities
Minister for Science and Medical Research
Minister Assisting the Minister for Health (Cancer)
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NEW SOUTH WALES

MINISTER FOR ENERGY AND UTILITIES
MINISTER FOR SCIENCE AND MEDICAL RESEARCH
MINISTER ASSISTING THE MINISTER FOR HEALTH (CANCER)
MINISTER ASSISTING THE PREMIER ON THE ARTS

MEU Ref: 04/01870

The Director
General Purpose Standing Committees
Parliament of New South Wales
Macquarie Street
SYDNEY NSW 2000

Dear Sir / Madam

Please find enclosed a response to Estimates Committee Question 4 concerning the installation of a temperature control curtain for thermal pollution at Burrendong Dam asked by the Hon Sylvia Hale MLC on 17 September 2004.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Frank Sartor', written over a large, stylized flourish.

Frank Sartor

QUESTION ON NOTICE
ESTIMATES COMMITTEE

Question No: 4

The Hon Sylvia Hale MLC asked the Minister for Energy and Utilities, Minister for Science and Medical Research, Minister Assisting the Minister for Health (Cancer), and Minister Assisting the Premier on the Arts -

QUESTION

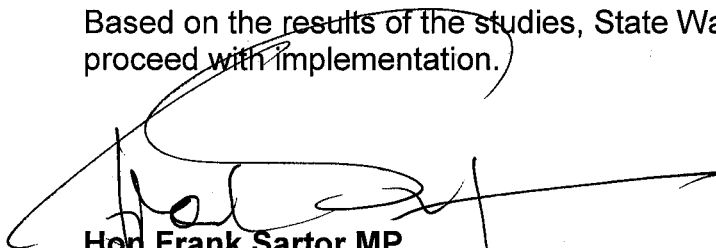
Has there been an allocation made this year for the initiation of the project to install a temperature control curtain for thermal pollution control on the Macquarie River at Burrendong Dam?

ANSWER

State Water is conducting investigations at Burrendong Dam to develop options to address the impact of cold water releases. One of the options being studied is the installation of a "draft curtain", which provides a pathway for warm and oxygenated surface water to flow down to the inlet and then be released from the Dam.

The studies include the beneficial downstream impacts and the negative impacts of a de-oxygenated, cold water storage upstream. In addition, the warm surface layers often have high levels of Blue-Green Algae, which may result in poor water quality.

Based on the results of the studies, State Water will select the best option and seek to proceed with implementation.



Hon Frank Sartor MP
Minister for Energy and Utilities
Minister for Science and Medical Research
Minister Assisting the Minister for Health (Cancer)
and Minister Assisting the Premier on the Arts



NEW SOUTH WALES

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MINISTER ASSISTING THE PREMIER ON THE ARTS

MEU Ref: 04/01870

The Director
General Purpose Standing Committees
Parliament of New South Wales
Macquarie Street
SYDNEY NSW 2000

Dear Sir / Madam

Please find enclosed a response to Estimates Committee Question 5 concerning State Water's balance of its financial objectives against its environmental responsibilities. asked by the Hon Sylvia Hale MLC on 17 September 2004.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Frank Sartor', written over a large, sweeping flourish.

Frank Sartor

QUESTION ON NOTICE
ESTIMATES COMMITTEE

Question No: 5

The Hon Sylvia Hale MLC asked the Minister for Energy and Utilities, Minister for Science and Medical Research, Minister Assisting the Minister for Health (Cancer), and Minister Assisting the Premier on the Arts -

QUESTION:

- (1) In relation to State Water's environmental responsibilities, how will State Water balance its financial objectives against its environmental responsibilities?
- (2) When do you anticipate those constraints will be introduced and become operational?

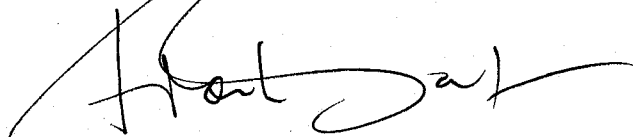
ANSWER:

- (1) State Water Corporation is a bulk water delivery business that must operate to deliver water to the environment and authorised users, as specified in the relevant Water Sharing Plan. It must do so efficiently and effectively, and operate within environmental constraints of the Water Sharing Plans as well as any statutory and regulatory requirements. The Water Sharing Plans specify the **minimum** amount of water that must be delivered to the environment and the **maximum** amount of water that may be made available to users. State Water must meet these requirements. The Department of Infrastructure Planning and Natural Resources audits State Water's performance against these two performance targets.

State Water must operate in accordance with sustainability principles but it is not an environmental manager nor does it have any regulatory powers. In the long term, financial and environmental objectives do not conflict with each other. Its newly appointed Board of Directors enables State Water to balance its financial and environmental requirements year to year and create a sustainable bulk water delivery business.

As the Portfolio Minister, I issue State Water with its Operating Licence specifying clear environmental constraints as well as consumer protection and asset protection requirements. The Independent Pricing and Regulatory Tribunal [IPART] reviews State Water's performance against its licence and reports to me.

- (2) An **Interim Operating Licence** became operational on 1 July 2004, with appropriate constraints, and is currently in force. IPART has released an Issues Paper on the Interim Operating Licence, with a view to revising the interim Licence and recommending the content of the **Initial Operating Licence** to become effective 1 July 2005. IPART has sought specific issues that require comment. Public submissions are due to IPART by 12 November 2004, followed by a public workshop in early December.



Hon Frank Sartor MP
Minister for Energy and Utilities
Minister for Science and Medical Research
Minister Assisting the Minister for Health (Cancer)
and Minister Assisting the Premier on the Arts



NEW SOUTH WALES

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MINISTER FOR SCIENCE AND MEDICAL RESEARCH
MINISTER ASSISTING THE MINISTER FOR HEALTH (CANCER)
MINISTER ASSISTING THE PREMIER ON THE ARTS

MEU Ref: 04/01870

The Director
General Purpose Standing Committees
Parliament of New South Wales
Macquarie Street
SYDNEY NSW 2000

Dear Sir / Madam

Please find enclosed a response to Estimates Committee Question 6 concerning State Water's financial allocation to meet its environmental responsibilities asked by the Hon Sylvia Hale MLC on 17 September 2004.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Frank Sartor', with a large, sweeping flourish above it.

Frank Sartor

QUESTION ON NOTICE
ESTIMATES COMMITTEE

Question No: 6

The Hon Sylvia Hale MLC ask the Minister for Energy and Utilities, Minister for Science and Medical Research, Minister Assisting the Minister for Health (Cancer), and Minister Assisting the Premier on the Arts.

QUESTION

- (1) In terms of State Water's environmental responsibilities, what allocation has been made in this financial year to ensure State Water complies with those responsibilities and constraints?
- (2) Please provide a breakdown?


ANSWER

- (1) State Water has responsibilities to ensure that its asset management activities comply with environmental planning regulations. State Water also has the responsibility to operate its dams and weirs in accordance with the relevant Water Sharing Plan for the river system, to deliver water to the environment and authorised users.

For the 2004/05 year, State Water's budget estimate is \$5.567 Million to ensure compliance with all its environmental requirements.

- (2) Breakdown of budget:

Works on fish passage and cold water impact mitigation	4,286,000
River bank and bed protection	1,071,000
Environmental Protection	150,000
Water Quality Monitoring Program	60,000
Total	\$ 5,567,000



Hon Frank Sartor MP
Minister for Energy and Utilities
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Minister Assisting the Minister for Health (Cancer)
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MINISTER ASSISTING THE MINISTER FOR HEALTH (CANCER)
MINISTER ASSISTING THE PREMIER ON THE ARTS

MEU Ref: 04/02127

The Director
General Purpose Standing Committees
Parliament of New South Wales
Macquarie Street
SYDNEY NSW 2000

Dear Sir / Madam

Please find enclosed a response to Estimates Committee Questions 7 and 8 concerning the tender documents for the Southern and Western Suburbs Ocean Outfall Sewer asked by the Hon Melinda Pavey MLC on 17 September 2004.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Frank Sartor', written over a large, loopy flourish.

Frank Sartor

QUESTION ON NOTICE
ESTIMATES COMMITTEE

Question No: 7 and 8

The Hon Melinda Pavey MLC ask the Minister for Energy and Utilities, Minister for Science and Medical Research, Minister Assisting the Minister for Health (Cancer), and Minister Assisting the Premier on the Arts.

QUESTION

The tender documents for the Southern and Western Suburbs Ocean Outfall Sewer (SWSOOS) say that Sydney Water would consider proposals that exceed the \$45 million budget where proponents can clearly demonstrate a case based on value for money.

- (a) Can you tell the Committee whether there were any other tenders from companies to work on the sewerage pipeline
- (b) and whether any were prepared to repair the entire pipeline for the so-called value for money?
- (c) The Committee would like information on the updated cost projections of the SWSOOS pipeline
- (d) and whether the decision not to replace the whole of the SWSOOS was made by management or the board?
- (e) If management, who in management made the decision?
- (f) If the board, could we have the relevant minutes or extract from the minutes?
- (g) What companies tendered for the work on the pipeline and were any prepared to repair the entire pipeline? (Hansard p18,19,32)

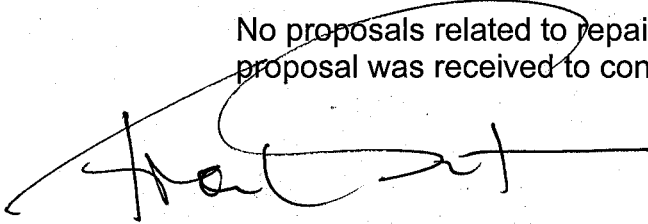
ANSWER

- (a) Yes. Proposals were submitted from nine consortia.
- (b) No. One Consortia offered an alternative proposal in addition to their main proposal for rehabilitation, to build a new sewer bypassing the existing lower SWSOOS. This was not considered to meet the value for money objective being more than twice the cost of the available budget and beyond the scope of the 'Request for Proposals'.
- (c) Cost for stages 1, 2 and 3 as approved by the Board are \$59 million, \$48 million, and \$61 million respectively or a total of \$168 million.

As with all assets, further renewals will be required throughout the life of the asset. Renewals planning for the full length of the SWSOOS is determined in accordance with Sydney Water's asset management plans. (The cost projection for rehabilitation of the full SWSOOS over the next 25 years is of the order of \$500 million).

- (d) Management undertook a review of the SWSOOS that confirmed there was no hydraulic or capacity need to amplify the SWSOOS. Thus rehabilitation forms the primary role in the long term asset management approach for the SWSOOS.
- (e) The results of the review are included in Sydney Water's asset management plans that are approved by the General Manager, Asset Management.
- (f) The Board did not consider any proposal to replace the SWSOOS.
- (g) Nine proposals were received from the following companies:
 - Abi Group Contractors with GHD
 - Cemtek with Collex, Vivendi Water
 - Downer Engineering with Eptek, Interflow
 - Earth Tech Engineering with Tyco Water, McConnell Dowell
 - Eptek
 - John Holland Construction with Savcor Art, Maunsell
 - Tenix with Metropolitan Restorations
 - Thiess Contractors with Thiess Services
 - Transfield Construction with Montgomery Watson Harza, Manidis Roberts.

No proposals related to repair of the full length of the SWSOOS. One alternate proposal was received to construct a new sewer to bypass the SWSOOS.



Hon Frank Sartor MP
Minister for Energy and Utilities
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NEW SOUTH WALES

MINISTER FOR ENERGY AND UTILITIES
MINISTER FOR SCIENCE AND MEDICAL RESEARCH
MINISTER ASSISTING THE MINISTER FOR HEALTH (CANCER)
MINISTER ASSISTING THE PREMIER ON THE ARTS

MEU Ref: 04/02128

The Director
General Purpose Standing Committees
Parliament of New South Wales
Macquarie Street
SYDNEY NSW 2000

Dear Sir / Madam

Please find enclosed a response to Estimates Committee Questions 9 and 10 concerning the investigation into Bruce Ferguson by Sydney Water asked by the Hon David Clarke MLC on 17 September 2004.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Frank Sartor', written over a large, faint circular stamp.

Frank Sartor

QUESTION ON NOTICE
ESTIMATES COMMITTEE

Question No: 9 and 10

The Hon David Clarke MLC ask the Minister for Energy and Utilities, Minister for Science and Medical Research, Minister Assisting the Minister for Health (Cancer), and Minister Assisting the Premier on the Arts.

QUESTION

Minister, Bruce Ferguson is under investigation by Sydney Water and has been stood down while police and the ICAC investigate an alleged \$6.6 million insurance premium fraud. What is your understanding of his position at the time he was stood down? Can you detail how much money had been spent on overseas trips for Bruce Ferguson in proceeding years? Can you detail the cost of airfares, the class of travel, hotels and other expenses?

Why did it take three years for this fiasco, this enormous fraud to be uncovered? Can you give us an assurance that no more money has been knocked off? (Hansard p3)

ANSWER

Sydney Water has advised:

Earlier this year, Sydney Water's internal investigations identified issues associated with Sydney Water's insurance broking contract that warranted further investigation.

Sydney Water believes that commissions have been wrongfully earned on insurance placed on behalf of Sydney Water over the past three years.

On Thursday 16 September 2004, Sydney Water filed a summons in the Supreme Court against a company registered as 000 951 146 (formerly known as Heath Lambert Group Australasia) seeking damages for wrongfully earned commissions and associated loss presently estimated to be approximately \$7.8 million plus interest.

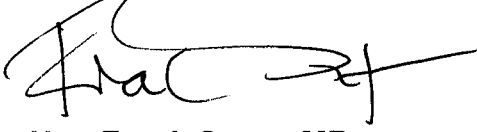
Sydney Water is undertaking ongoing investigations into the matter. These investigations are being oversighted by the Corporation's Audit and Risk Committee, a sub-committee of the Board of Sydney Water.

Sydney Water has also undertaken the following:

- notified and met with the Independent Commission Against Corruption (ICAC) and the NSW Police;
- dismissed an employee after due process;
- provided information to the Australian Securities and Investments Commission;
- engaged external solicitors to provide legal advice and conduct legal proceedings; and
- engaged external accountants to provide expert auditing and forensic accounting advice in respect of the legal proceedings.

The NSW Police Fraud Squad is investigating the matters raised by Sydney Water.

Travel undertaken by Mr Bruce Ferguson is reported in the Sydney Water Annual Report.

A handwritten signature in black ink, appearing to read 'Frank Sartor', with a large, sweeping flourish above the name.

Hon Frank Sartor MP
Minister for Energy and Utilities
Minister for Science and Medical Research
Minister Assisting the Minister for Health (Cancer)
and Minister Assisting the Premier on the Arts



NEW SOUTH WALES

MINISTER FOR ENERGY AND UTILITIES
MINISTER FOR SCIENCE AND MEDICAL RESEARCH
MINISTER ASSISTING THE MINISTER FOR HEALTH (CANCER)
MINISTER ASSISTING THE PREMIER ON THE ARTS

MEU Ref: 04/01873

The Director
General Purpose Standing Committees
Parliament of New South Wales
Macquarie Street
SYDNEY NSW 2000

Dear Sir / Madam

Please find enclosed a response to Estimates Committee Question 11 concerning the appointment of Kevin Young as Managing Director of Hunter Water asked by the Hon Melinda Pavey MLC on 17 September 2004.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Frank Sartor', written over a large, stylized flourish.

Frank Sartor

QUESTION ON NOTICE
ESTIMATES COMMITTEE

Question No: 11

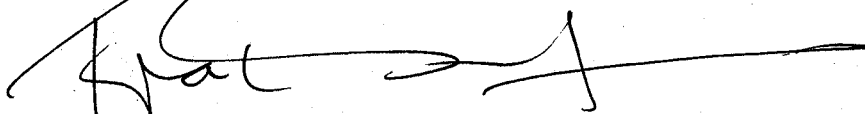
The Hon Melinda Pavey MLC ask the Minister for Energy and Utilities, Minister for Science and Medical Research, Minister Assisting the Minister for Health (Cancer), and Minister Assisting the Premier on the Arts.

QUESTION

Would you describe the process for the appointment of Mr Kevin Young as Managing Director of Hunter Water?

ANSWER

As indicated to the Budget Estimates Committee, I am pleased to provide an extract of the Minutes from the Board of Hunter Water together with a copy of the Board's letter to me recommending the appointment of Mr Young to the position of Managing Director Hunter Water.



Hon Frank Sartor MP
Minister for Energy and Utilities
Minister for Science and Medical Research
Minister Assisting the Minister for Health (Cancer)
and Minister Assisting the Premier on the Arts

HUNTER WATER CORPORATION

SPECIAL MEETING OF DIRECTORS HELD AT HEAD OFFICE ON 24 JUNE 2004

ATTENDANCE:

Mr R Robson – Chairman
Mr R I Knights – Deputy Chairman
Mr P G Barrack
Mr R A Chappel
Mr B L Crossley
Mr W J Elliott

APOLOGY:

Mr D W Boyd

ITEM

NO:

1 POSITION OF MANAGING DIRECTOR AT HUNTER WATER CORPORATION

In calling the Special Meeting, the Chairman advised that he had asked the Relieving Managing Director and the Company Secretary to not take part in the meeting as the issue related to the position of Managing Director at Hunter Water Corporation.

The Board noted that some four months had elapsed since David Evans had taken the role of Acting Managing Director at Sydney Water Corporation and there had not been a search process commenced for the Sydney Water position. It was clear that David Evans would be an excellent candidate for the Sydney Water role and the Chairman considered that the timing was right for the Board to consider a selection process for the position of Managing Director at Hunter Water Corporation. The Chairman also considered that this was an opportune time given that the full Board was present (apart from Director Boyd who would be contacted separately by the Chairman).

The Board discussed a range of options from a full external search by a specialised recruitment agency to the administrative appointment of Kevin Young to the role in which he had acted for the last four months and on many occasions over the last three to four years.

The Board also discussed the requirements of the State Owned Corporation's Act which covers the procedures and approvals required for an appointment to be made. It was noted that the Board provides a recommendation to the Portfolio Minister together with an outline of the proposed contract term and remuneration package.

The Board considered Kevin Young's strong performance in a range of roles including relieving as Managing Director for extended periods.

After some discussion, the Board resolved unanimously that if the Hunter Water position became vacant (with Dave Evans accepting the Sydney Water position) that Kevin Young should be administratively appointed to the role of Managing Director at Hunter Water. The Board also resolved that if the vacancy occurred, the Chairman was requested to contact Minister Sartor to advise the Board's recommendation.

The Board decided that this matter needed to be dealt with in a prompt manner given the amount of time that Hunter Water had been without a Managing Director.

CONFIRMED, 30 July 2004

CHAIRMAN



*caring for our
community and the
environment*

HUNTER WATER CORPORATION
PO BOX 5171 FRAC NSW 2310
426-432 KING STREET NEWCASTLE WEST
TEL: 1300 657 657 ABN: 46 228 513 446
www.hunterwater.com.au

8 July 2004

Telephone: 0417 046465
Facsimile: 02 49252005

The Hon Frank Sartor, MP
Minister for Energy and Utilities
Level 31
Governor Macquarie Tower
1 Farrer Place
SYDNEY NSW 2000

Dear Minister

RE: PROCESS AND RECOMMENDATION FOR APPOINTMENT OF NEW MANAGING DIRECTOR AT HUNTER WATER

Over the last four months, David Evans has acted in the role of Managing Director, Sydney Water and Kevin Young has acted in the role of Managing Director at Hunter Water. This period of time has given both organizations an opportunity to assess both persons against the challenges of these demanding roles.

On the 25th of June 2004, you endorsed the appointment of David Evans as Managing Director Sydney Water, based on a recommendation from the Sydney Water Board of Directors. The Board of Hunter Water congratulates David on his appointment and wishes him all the best in his new role.

The full Board of Hunter Water discussed this matter at a recent Board meeting. With respect to the appointment process, consideration was given to a range of options from a full external search by a specialized recruitment agency to the administrative appointment of Kevin Young to the role in which he has acted for the last four months and on many occasions over the last three to four years.

The Board also discussed the requirements of the State Owned Corporations Act, which covers the procedures and approvals required for an appointment to be made. In essence, the Board provides a recommendation to you as Portfolio Minister, together with an outline of the proposed contract term and remuneration package. The Governor can approve the appointment subject to your endorsement, while your approval alone is required for both the term of the contract and the remuneration package.

I wish to advise that the Board of Hunter Water was unanimous in its decision to recommend that Kevin Young be appointed to the role. Kevin has over twenty-six years experience in the water industry working for both private industry and government authorities in Australia, the United States and in the United Kingdom. Kevin was originally a Hunter Water cadet and then left the organization in the early 80's to gain experience in private industry. He rejoined the organization in 1992 as Hunter Water's first Asset Manager and formed a strong

partnership with David Evans during a period of exceptional performance by Hunter Water. Kevin progressed quickly through the management ranks to become an Executive Manager, after relieving in a range of roles right across the Corporation, from the Customer Services Manager to management roles in waste water treatment, planning and operations. For the last five years Kevin has been responsible for strategic planning and Government/Regulatory liaison. Kevin has gained the respect of staff within Hunter Water and key regulatory agencies including IPART, Treasury, EPA and DIPNA and has an international reputation for his pragmatic work in asset/utility management. Kevin was recently selected by the International Water Association (IWA) to be the Conference Chairman for the first IWA Leading Edge Conference in Asset Management to be held in San Francisco in late July 2004.

In 2003, Hunter Water agreed to a request from Seattle Public Utilities for Kevin to work for that organization for a period of 8 months in a 'change management' role working directly for the CEO. This was undertaken on a commercial basis. As a direct result of Kevin's involvement, Seattle Public Utilities saved over US\$20M in operating and capital costs in the first year of implementing Kevin's work plan. Since then Kevin's skills have been in strong demand and in the last year he provided utility management advice to a number of large American utilities including Sacramento, King County, Olympia and San Diego while maintaining his duties at Hunter Water.

Over the last 3 to 4 years, Kevin has acted in the role of relieving Managing Director for periods of up to 9 weeks before the current extended relief period. During these times a number of testing events have occurred including a major strike by the organization and significant operational events. Recently, the organization went through a simulation exercise covering a terrorist attack on our water supply system. In all of these cases, Kevin has led the organization in a very competent manner and has shown both leadership skills and the ability to manage under pressure. On many occasions, he has responded to media requests from radio and television in a relaxed and even manner.

The position of Managing Director of Hunter Water also includes becoming a Director of Hunter Water Australia (*the Corporation's commercial arm*). You will note that Kevin is well suited to the role, having significant private industry and commercial/consulting experience.

The Board of Hunter Water is keen to deliver a continued strong performance in fiscal responsibility, asset management, strategic planning and excellent stakeholder relationships. It is our belief that this is best achieved by the appointment of Kevin Young to the role of Managing Director of Hunter Water. The Board is proposing a five-year contract for this position with a salary package of \$270k per year, which is a reduction on the previous package held by David Evans but which allows some room for adjustment in the future with excellent performance. This package amount is in line with a review of the position by the HAY group in late 2002.

I trust that our recommendation meets with your approval. Please contact me direct if any further information is required or you would like to discuss any of the above matters in more detail.

Yours sincerely

Ron Robson
Chairman

Copy of CV for Kevin Young attached

CURRICULUM VITAE

NAME:	Kevin John Young
DATE OF BIRTH:	27 September 1956
POSITION WITH FIRM:	Manager Corporate Planning & Government Regulation
NATIONALITY:	Australian
LANGUAGES:	English

**FIELDS OF COMPETENCE**

Over twenty six years experience working for both private industry and authorities in Australia, the United States and in the United Kingdom. Previous Company Secretary for Hunter Water Corporation's Board including membership of Corporate Governance Committee, Conduct and Protocol Committee and Environmental Committee.

Held the position of first Asset Manager at Hunter Water and directed the implementation of an asset management program at Hunter Water that is recognized nationally and internationally. Member of the Water Services of Australia Strategic Committee on Asset Management and Committee on Regulatory Management. Co-organizer of the Asset Management workshop for the International Water Association conference in 2002.

Relieving Managing Director for periods up to fifteen weeks. Fields of competence include people management, strategic planning and policy, regulatory/ stakeholder interface, asset management, risk management, environmental management and planning / investigation / project management.

Author of numerous papers on asset management and key presenter at workshops in Australia and America on asset management principles.

QUALIFICATIONS

- Bachelor of Engineering (Civil) (Hons 1), University of Newcastle 1978.
- Master of Business Administration (Merit), University of Newcastle 1990.

AFFILIATIONS

- Fellow of the Institution of Engineers Australia – Certified Practising Engineer.
- Member, Australian Water and Wastewater Association
- Graduate Member of the Australian Institute of Company Directors
- Director of State Records Authority of NSW

RECENT PROFESSIONAL EXPERIENCE**HUNTER WATER CORPORATION**

Relieving Managing Director

Relieving Managing Director for intermittent periods of up to fifteen weeks covering the full role of Managing Director including management of Board meetings / human resource / industrial relations issues.

SEATTLE PUBLIC UTILITIES from October 2002 to May 2003
Manager Asset Management

Strategic advisor to Seattle Public Utilities on introduction of an outcomes base asset management program. This project has received strong support from the US EPA who sees it as a pilot for possible implementation in other utilities. The pilot involves the introduction of key asset management principles including service levels, asset management plans, risk management, appropriate use of condition assessment and understanding of system capability. The use of Strategic Asset Management Plans is being introduced as a key framework for successful implementation of the program. Savings from the program (covering ongoing operational costs and capital costs) totaled US\$20 in the first 12 months.

HUNTER WATER CORPORATION - From December 1999
Company Secretary
Manager Corporate Planning & Government Regulation
Manager Business Development

Company Secretary of Hunter Water Corporation Board including membership of Corporate Governance, Conduct and Protocol and Environmental Committees.

Manager responsible for interfacing with regulators including Treasury, the Independent Pricing and Regulatory Tribunal, Operating License Regulator, undertaking financial modelling / business plan for Hunter Water Corporation. Responsible for corporate / business planning and strategic direction.

Responsible for major customer policies / relationship (until January 2001).

Responsible for leading Hunter Water Australia's entry into the American market with consultancy work in Seattle, King County, Olympia, Sacramento and San Diego. Total consultancy work for HWA now approximately \$0.8M for 2004/05.

HUNTER WATER CORPORATION - From April 1995
Manager Assets / Planning

Executive Manager of the Assets Planning Section at Hunter Water Corporation. The Assets Planning Section was formed to ensure an essential focus on medium and long term asset related issues for all water and sewer assets including water resources / treatment, water distribution, wastewater collection / transport, wastewater treatment / effluent disposal / reuse and stormwater. Assets Planning embraces forward planning for future asset requirements, regulatory interface, environmental management, system performance, investigation, concept, detailed design, construction supervision of new assets, standards control / review and the ongoing management of the fixed asset base including maintenance and replacement strategies. The section employed 44 persons and purchased from external sources an additional 70 equivalent full time professionals. Assets Planning administered a capital program of some \$65M per year. The Manager Assets Planning is responsible for successful operation of this group and the provision of strategic advice / policy on regulatory interface, environmental management, asset management, risk management and planning and efficient asset procurement.

HUNTER WATER CORPORATION - From August 1997 to December 1997
Relieving Manager Corporate Planning & Government Regulation

Responsible for interfacing with Treasury, Independent Pricing & Regulatory Tribunal, Operating Licence regulator and undertaking financial modelling/business plan for Hunter Water Corporation.

HUNTER WATER CORPORATION - From June 1992 to April 1995
Manager Assets and Relieving Manager Wastewater Treatment

Management responsibilities for the strategic and day to day management of the Wastewater Treatment Business Unit to meet the Hunter Water Corporation's Operating Licence, and ensure the continuing viability of Wastewater Treatment Assets. The responsibility included managing the operations of all of the Hunter

Water Corporation's 24 wastewater treatment plants, managing the development of new or upgraded assets to meet future requirements due to growth and/or changes in standards, and strategic negotiations with the Environment Protection Authority (EPA) regarding future performance standards for each treatment plant. Management responsibility of approximately 50 technical, administrative, and operation personnel. Recurrent budget approximately \$15M p.a., of which around \$8M is for operation, maintenance and administration.

PUBLIC WORKS DEPARTMENT – From August 1985 to May 1992

Various responsibilities from construction administration, environmental manager to Project Controller (covering planning and construction responsibilities) for the Hunter Sewerage Project (a \$300M backlog sewerage project in the Lower Hunter).

SINCLAIR KNIGHT & PARTNERS PTY LTD – From September 1980 to July 1985

Private consulting engineer involved in general civil engineering design. Period includes 12 month experience with John Taylor & Sons in London.

HUNTER DISTRICT WATER BOARD – From November 1978 to September 1980

Graduate engineer involved in design and operation.



NEW SOUTH WALES

MINISTER FOR ENERGY AND UTILITIES
MINISTER FOR SCIENCE AND MEDICAL RESEARCH
MINISTER ASSISTING THE MINISTER FOR HEALTH (CANCER)
MINISTER ASSISTING THE PREMIER ON THE ARTS

MEU Ref: 04/01873

The Director
General Purpose Standing Committees
Parliament of New South Wales
Macquarie Street
SYDNEY NSW 2000

Dear Sir / Madam

Please find enclosed a response to Estimates Committee Question 12 concerning Macquarie Generation's returns from the ETEF Scheme asked by the Hon David Clarke MLC on 17 September 2004.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Frank Sartor', written over a large, stylized flourish.

Frank Sartor

QUESTION ON NOTICE
ESTIMATES COMMITTEE

Question No: 12

The Hon David Clarke MLC asked the Minister for Energy and Utilities, Minister for Science and Medical Research, Minister Assisting the Minister for Health (Cancer), and Minister Assisting the Premier on the Arts -

QUESTION

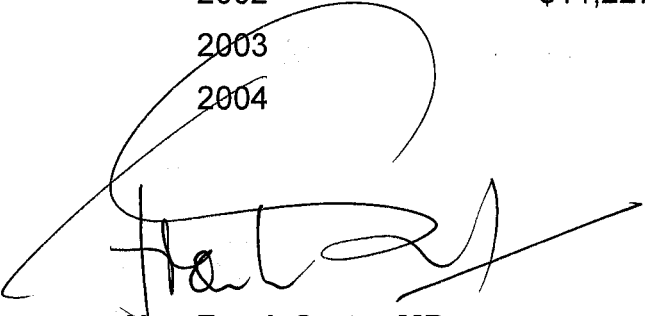
- (1) How much money has Macquarie Generation obtained through the ETEF scheme for each of the past five years?

ANSWER

- (1) ETEF was established in January 2001. Macquarie Generation's return from ETEF over the entire period since its inception is \$0.00.

In 2001 and 2002 Macquarie Generation was repaid contributions it was required to make to ETEF in each of those years as detailed below:

Year	Contribution	Repayment	Net Return
2001	\$20,266,111.66	\$20,266,111.66	\$0.00
2002	\$11,227,107.06	\$11,227,107.06	\$0.00
2003	\$0.00	\$0.00	\$0.00
2004	\$0.00	\$0.00	\$0.00



Hon Frank Sartor MP
Minister for Energy and Utilities
Minister for Science and Medical Research
Minister Assisting the Minister for Health (Cancer)
and Minister Assisting the Premier on the Arts