

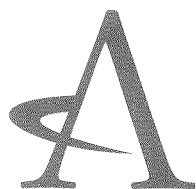
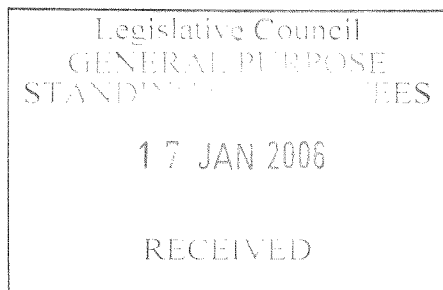
## INQUIRY INTO A SUSTAINABLE WATER SUPPLY FOR SYDNEY

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**Date Received:** 17/01/2006

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**Subject:**

**Summary**



THE AUDIT OFFICE  
OF NEW SOUTH WALES

10 JAN 2006

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Mr Ian Cohen MLC  
Committee Chair  
General Purpose Standing Committee No. 5  
Legislative Council  
Parliament House, Macquarie Street  
SYDNEY NSW 2000

5 January 2006

Dear Mr Cohen

**RE: INQUIRY INTO A SUSTAINABLE WATER SUPPLY FOR SYDNEY**

Thank you for inviting the Audit Office to make a submission to the abovementioned Inquiry.

You might be aware that the Audit Office tabled a Performance Audit Report on 4 May 2005 titled *Department of Infrastructure, Planning and Natural Resources, Sydney Water Corporation, Sydney Catchment Authority: Planning for Sydney's Water Needs*. The focus of the audit was on whether State water agencies had appropriate and adequate arrangements for ensuring a reliable supply of water to meet metropolitan demand requirements. We focused primarily on Sydney's long-term requirements, not the drought being currently experienced.

Our conclusions and recommendations are summarised below.

**Main Conclusions**

Sydney has been using more water than its storage system can continue to provide. Sydney's water scarcity is not simply a problem related to drought. Sydney's water supplies are increasingly inadequate to meet long-term metropolitan demand requirements.

State water agencies have made significant progress towards integrating all aspects of planning for Sydney's water supply and the "Metropolitan Water Plan 2004" is a comprehensive plan to close the gap between supply and demand. But the risk of water shortages may be more serious than indicated in the Plan.

Critical areas of uncertainty and risk in relation to Sydney's water include the impact of climate change, population growth, future reductions in water consumption, future savings from recycled water, and the future yield of the water supply. This means that the water agencies need to ensure the way forward is flexible and robust to cope with a range of possible futures. Planning did not identify or examine a worst-case scenario and there are no assurances in that regard.

In looking ahead, much still needs to be done. We believe that legislative and organisational arrangements relating to Sydney's supply/demand balance need to be further clarified to formalise accountability for its oversight, and responsibilities clarified to ensure the adequacy of supply.

We also believe that State water agencies need to adopt a greater level of transparency and engage with the public more in addressing the water supply/ demand balance, recognising that the measures being adopted will have widespread impact.

## Recommendations

We made a number of recommendations to the Department of Infrastructure, Planning and Natural Resources, Sydney Water, Sydney Catchment Authority and related water agencies designed to improve:

- Planning for water security
- Identification and management of risks
- Oversight and accountability.

Our full report can be found at:

[www.audit.nsw.gov.au/publications/reports/performance/2005/sydney\\_water/sydneywater-contents.html](http://www.audit.nsw.gov.au/publications/reports/performance/2005/sydney_water/sydneywater-contents.html)

While the report did not examine the proposed desalination plant at Kurnell (nor have we since the report was released), I hope the report will be useful to your Committee in its inquiry. I would be happy to discuss any matters in the report with the Committee.

Yours sincerely



R J Sendt  
Auditor-General