

# Our Water, Our Voice Frequently Asked Questions

## Environmental Protection

### What is Sydney Water doing about climate change?

Variations in climate have a direct impact on our customers, our network and our services. Sydney Water is responding to climate change by adopting adaptation and abatement initiatives to help us sustain a reliable and resilient water supply now and for the future.

- Abatement initiatives are the actions we're taking to address the causes of climate change and prevent further impacts.
- Adaptation initiatives are the actions we're taking to address the actual or expected impacts of climate change.

In other words, we are addressing the existing effects of the problem and trying to solve it by taking targeted action as quickly as possible.

You can learn more about our plan in the [Our path to net carbon zero and beyond](#) publication available on our website.

### How is Sydney Water achieving net zero?

Sydney Water has ambitions to reduce net carbon emissions across the business to zero by 2030, and across its supply chain by 2040. We are working towards this goal by implementing sustainable technologies, renewable energy projects and circular economy principals realised through innovative collaborations with our utility partners, industry, government, the private sector, universities, the research sector, suppliers and our customers. We are using energy more efficiently while increasing the production and use of renewable energy.

### How does Sydney Water enforce fines to prevent pollution?

Sydney Water doesn't issue fines for pollution. Pollution of natural waterways, as well as air, land and other resources, is monitored by the NSW Environment Protection Authority (EPA) and local councils. The EPA can issue fines and clean-up notices.

## How does Sydney Water support its business customers in protecting the environment?

Water is a limited natural resource, and businesses use about 25 per cent of the water supplied in Greater Sydney. Our Business Customer Representatives work directly with our major customers to help businesses save water and minimise their impact on our environment and waterways through initiatives such as the [WaterFix Commercial](#) water-efficiency program and our online water monitoring program. The Business Customers team is qualified in all aspects of trade waste requirements and will issue a connection agreement which determines the processes required for compliance. Our [seven-point plan](#) also provides a useful framework for businesses to develop a resource management plan to structure and prioritise their water management. More information on the support Sydney Water provides to its business customers is available in the [Your Business](#) section of our website.

## What percentage of Sydney Water customers were affected by recent flooding and drought?

Drought and floods affect us all in some way. Residents in the Hawkesbury-Nepean region were significantly affected by the recent floods. During the last drought, we asked all residents to conserve water. Water restrictions which focus on reducing outdoor water use in drought apply to all of us.

## What happens if Sydney Water breaches Environment Protection Authority (EPA) guidelines?

Breaching an EPA guideline or environmental protection licence (EPL) can result in the EPA issuing Sydney Water with clean-up and prevention notices or enforcement action. This can include:

- formal warnings
- official cautions
- penalty notices
- legally binding pollution reduction programs attached to an EPL
- enforceable undertakings or prosecutions in the event of a serious case.

The EPA has a series of policies to help guide any action against Sydney Water, ensuring the EPA's compliance and enforcement activities and actions are consistent, fair, and credible. As a last step, it also takes into account a range of factors in deciding whether, how, and in what court to prosecute.

## What influence does the Environment Protection Authority (EPA) have to dictate remedial and NSW capital expenditure?

The EPA influences Sydney Water's capital expenditure by setting the standards Sydney Water must meet for the safe transport of wastewater through our pipes, the treatment of wastewater, and its release into the environment. The costs of operating Sydney Water's systems to meet these standards are built into their operating costs and capital investment needs, which are recovered from customer bills.

The EPA can also use its regulatory powers to audit Sydney Water's operations, such as how it responds to incidents. The audit recommendations can influence how Sydney Water operates and the costs it incurs because it might need to roster more staff to respond to a given incident. If a major incident causes significant environmental harm, the EPA might prosecute Sydney Water. Sydney Water can be fined or required to fund other actions which restore the environment.

The EPA can also take part in other processes that influence the overall investment, including the following:

- contribute to the Government's submission to the Independent Pricing and Regulatory Tribunal (IPART) once Sydney Water has put forward its recommended prices for customers over a given five-year period
- contribute to the review of Sydney Water's Operating Licence, which sets minimum standards of performance for customer services and asset management.
- participate in land-use planning approval processes that govern major new developments, such as new wastewater treatment plants.

However, ultimately, the decision rests with IPART as to how much capital expenditure Sydney Water is allowed to invest. IPART determines whether the investment is needed, and whether Sydney Water's plans are cost effective.

### **Does Sydney Water charge customers a percentage of their bill to improve waterways and pollution?**

Sydney Water currently charges customers a percentage of their bill to improve waterways and reduce pollution. Sydney Water's investment into and maintenance of the wastewater system (including removing harmful chemicals from wastewater before releasing it back into waterways and oceans) accounts for about 30 per cent of an average bill, and a smaller amount is used to manage recovered resources, such as biosolids. While preventing pollution is a vital part of improving waterways, it is not the only component of waterways management.

Depending on where you are in Greater Sydney, your stormwater services may be managed by Sydney Water or your local council. If your stormwater is managed by a local council, your Sydney Water bill will not include costs for stormwater services. Where councils are responsible for stormwater services, they will be funded through a portion of council rates paid by property owners.

Sydney Water invests a smaller amount of money to manage and upgrade parts of the trunk stormwater assets it owns. This includes managing waterways that are in a natural or semi-natural state, and naturalising or returning stormwater channels to a more natural state at the end of their life and investing in wetlands around them, when site conditions are suitable. Sydney Water will have more stormwater and waterways responsibilities in new areas in Western Sydney.

Sydney Water also works with the NSW Government, local councils, and community groups to improve the coordination of waterways management. Collaboration complements the management of the wastewater and stormwater operations, making the process more coordinated and cost effective. Community education also plays an important role in this area.

## **What are current pollution levels? What's the baseline now, and what is the prediction?**

Assessing pollution levels is complex because waterways can be affected by wastewater discharges and stormwater from urban areas. In outlying areas, mining and farming can have an impact on pollution levels. Sydney Water's aquatic monitoring reports assess the impact that its wastewater treatment plants have on the receiving environment, as well as measuring trends in the quality of wastewater discharged into the ocean or rivers. You can learn more [here about how we manage wastewater](#).

Sydney Water has recently made its monitoring programs more comprehensive. Sydney Water also conducts monitoring programs to understand the impact of wet weather overflows and stormwater on waterways, so Sydney Water and councils can target the most cost-effective investments in reducing pollution and improving waterways health.

## **Is there a tolerance for high-risk pollution events in the natural environment / systems where Sydney Water operates?**

The environmental impact of different types of incidents or operations depends on the nature of the receiving environment. For example, Sydney Water discharges primary-treated wastewater from its large treatment plants at North Head, Bondi and Malabar. The wastewater is piped several kilometres out to sea and discharged at depths of up to 100 metres, then dispersed via the vigorous Eastern Australian Current. Long-term monitoring has demonstrated that these wastewater discharges have not had a measurable impact on the receiving environment. However, discharging this type of wastewater in a river, like the Hawkesbury Nepean River, or even at the shoreline would not be acceptable because there is less water to disperse the wastewater, the receiving environment is more sensitive, and there are more people using the environment. Sydney Water measures the impact of all its treated wastewater discharges through aquatic monitoring programs, and you can learn more [here](#).

## **What is primary treatment?**

Primary treatment is the most fundamental step in wastewater treatment, and it refers to removing some of the most visible matter from our wastewater. In the primary treatment process, screens trap solids and rubbish that have entered the wastewater system, and the trapped debris is removed. Other examples are sand and grit collected from the bottom of tanks, and oil and grease which are trapped and removed.

## Customer Service

### How much leakage occurs throughout the network and how are repairs prioritised?

Our level of leakage was 129 ML/d in 2023. This is considered economic under the terms of our Operating Licence. By world standards, Sydney Water rates in the top 10 per cent of water utilities for managing water losses and we are constantly working to improve our performance. All reported and detected leaks are assessed by Sydney Water teams to determine necessary actions and our crews work round-the-clock when necessary to minimise disruptions to our customers. We are improving our response time and repair methods by:

- Deploying smaller area-based teams to locations where higher levels of leaks occur, minimising water loss and improving response time to visible leaks
- Optimising our resource scheduling so leaks with higher water loss are prioritised
- Deploying innovative tools to allow repair of water mains and installation of new valves under pressure, which can avoid the need for network shutdowns and reduce the volume of water lost in draining pipework for repair
- Adopting innovative approaches like our leak detection dogs and leak alerts sent from our new digital meters.

### Does Sydney Water have or project numbers for an environmental cost of water leaks?

Sydney Water currently relies on the economic cost of water in assessing whether to spend more money to reduce water leaks. That means that leaks are repaired when the cost of the water lost exceeds the cost of repair. One objective of this customer engagement program is to understand what value should be placed on social and environmental costs that could be allowed under the Independent Pricing and Regulatory Tribunal's determination based on the preferences put forward by our customers.

### Who is responsible for low water pressure?

Sydney Water is responsible for low water pressure. We understand the inconvenience this causes our customers, and we work hard to prevent low pressure. When it does happen, we work to restore pressure as quickly as possible.

### What services (e.g. plumbers) does Sydney Water offer for leaks. Are they cheaper?

Sydney Water provides a range of water conservation services, such as WaterFix Residential, WaterFix [Concealed Leaks](#), and Business Online [Monitoring](#). Leak detection, advice and repair are a core part of these services. Our WaterFix Residential service has been operating for over 20 years and has helped residential customers save over 300 million litres of water – the equivalent of 120 Olympic-sized swimming pools – significantly reducing water bills.

Sydney Water's programs are reasonably priced, with some discounts offered on relevant programs for pensioners and customers in hardship. When offering repairs, customers are given the choice to compare our quotes with those offered by their local plumber. We also contact customers if we notice abnormal water use patterns that may indicate they have a leak.

### **Does Sydney Water supply water for agriculture – what's the split between different types of use?**

Sydney Water does supply water for agriculture. We supply recycled water directly to agricultural users, such as Elizabeth Macarthur Agricultural Institute at Menangle and our Picton Farm. Some agriculture, like market gardens, use our drinking water supplies. We also supply around 12 billion litres of recycled water for replacement flows from Warragamba Dam which is used for environmental water and irrigator extractions. Some irrigators downstream from our tertiary wastewater treatment plants get access to reliable, high-quality flows from our plants.

### **What are corporate usage statistics? Who uses more water?**

The top 10 individual water users are all non-residential (or business) customers. However, residential customers make up about 70% of daily water use across our network, and they use about half a kilolitre a day per property. So, while some non-residential customers use a lot individually, residential users make up the bulk of our customer base. For privacy reasons, we haven't included the names of the business customers.

High individual water users include the manufacturing sector, mining, and food production.

### **Are we going to get more urban beaches operating (e.g. Cooks River, Parramatta River, Lane Cove River)? Will we be able to swim anywhere in the future?**

Through Sydney Water's Urban Plunge program, we are working with local councils and the NSW Government to understand which sites can be safely activated for swimming. For example, Sydney Water is working with the Parramatta River Catchment Group to open a new swim site at Bedlam Bay. At some sites, we are identifying what work needs to be done to improve water quality. This can include fixing parts of the wastewater and stormwater system or repairs to private plumbing. As Sydney Water collaborates and better manages the urban waterways, accumulates data and provides more information to customers via up-to-date websites, we will be able to open more swim sites. However, not all sites will be suitable for swimming. Past practices in some parts of Sydney Harbour mean some locations will only be suitable for wading, while fast currents or snags make some river sites too dangerous for swimming.



## Cyber

### **How does Sydney Water handle cybersecurity? What are the risks of a hack?**

Sydney Water's infrastructure is classified as critical water assets under the amended Security of Critical Infrastructure (SOCl) Act 2018 (the Act) and we have a responsibility under the Act to protect our systems. Cybersecurity risks for Sydney Water range from a simple hack into our system, to the release of customer data, to control of parts of our systems. To prevent any and all of these scenarios, Sydney Water operates with many controls on its digital network to ensure cybersecurity threats are detected as early as possible.

### **For drinking water and wastewater, how is hacking prevented? Is there a backup server to get back functionality if a hack occurs?**

Cybersecurity is vital to protecting Sydney Water's critical infrastructure from cyberattacks. Sydney Water has introduced multiple layers of protection, or barriers, to prevent a hacker from reaching our digital network. The digital network includes both operational technology systems used to provide water and wastewater services, as well as information technology systems used to operate the business. Sydney Water also applies proactive strategies across its entire area of operations to prepare for, detect, respond to, contain and eliminate any cybersecurity threats that may be present.

## Dams

### **Why can't we just build more dams?**

Dams rely on rainfall to maintain supply, which increases our vulnerability in drought. They also cause extensive environmental damage to the catchment behind them. Building a new dam for Sydney would also be very costly – it would need to be built a long way from existing dams, and large pipes and pumps would need to be built to transport that water back to Sydney. Consequently, it is more cost-effective to build rainfall-independent water supplies, such as desalination and purified recycled water, because they can be built near customers and provide additional value by being able to provide water even in severe drought.

### **What is the cost difference per litre between dam and desalination?**

In 2020, the Water Services Association of Australia undertook a study to compare the levelised, or over a lifetime, costs of different water supply options. The study found that desalinated water costs around 2.7 times that of surface water in dams.

### **Can Sydney Water influence the building of new dams and how would that influence bills over time?**

Water efficiency has been key over the last 20 years in delaying the need to build new infrastructure and keeping bills low, but now our systems are at or near capacity. While we're investigating new rainfall-independent supplies for the city, we're also increasing our water conservation program to reduce leakage and encourage customers to use less water. The overall aim is to ensure we can delay infrastructure construction as long as possible.

### **Are our dams used for flood mitigation?**

Dams in the Greater Sydney network operate to provide for Greater Sydney's water supply needs. Warragamba Dam, Greater Sydney's largest water supply source, is not used for flood mitigation. Operating rules for dam water releases are set by water-sharing plans developed by the Department of Planning and Environment and approved by the government of the day.



## Education

### **Does Sydney Water have education programs in place i.e. in schools, TV commercials, etc.?**

Sydney Water supports education programs in schools and universities and provides resources to assist teachers and students learn about water's journey to and from their homes and understand what makes water a precious resource.

Sydney Water frequently runs advertising campaigns to remind the community of water's role as a precious resource and the community's role in saving water as we get closer to drought. Sydney Water also uses social media to increase people's awareness of water, including the following:

- The natural water cycle
- Cooling and greening initiatives
- Improving water quality to create more swimming spots across Greater Sydney Water
- Other activities which help ensure the overall liveability of our city.

More information can be found [here](#).

Beyond the online resources, the community education program includes delivery of free in-school educational events. Over the past few years, the events took place mainly in preschools and primary schools. In 2024, Sydney Water is extending its program to include secondary schools. Sydney Water also delivers community education initiatives by providing guest speakers at community groups.

More information on our educational resources can be [found here](#).

Additionally, we run tours at sites for community organisations and universities, as well as for our own employees.

We have a community education team working with our Wonders of Water van that visits shopping centres, public spaces, and community events throughout the year. [Our website outlines the location](#) of the Wonders of Water van. We often speak at [community group meetings](#) such as Rotary groups, volunteer organisations, and TAFE/Universities.

In the 2022/23 financial year, we completed 143 events in total reaching 46,000 people directly.

## **What's the cost to educate the community vs cost to pay for system upgrades?**

Community education is a vital, ongoing, relatively low-cost tool to raise awareness around certain activities and their impact on the water supply. Infrastructure upgrades deliver long-term solutions across generations, including increased capacity in response to our growing cities. Infrastructure upgrades fall under major capital works, and are, therefore, much more expensive.

Sydney Water currently delivers community education programs to raise awareness of "the unflushables", water conservation and using tap water rather than bottled water. While community education is a vital activity, it can't achieve all the benefits of infrastructure upgrades. For example, community education on what we can and cannot safely flush down toilets and put down drains can help reduce overflows from Sydney Water's wastewater pipes. However, it can't fix faulty or ageing pipes, or prevent tree roots from entering sewer pipes in very dry weather.

Likewise, education can reduce the load of some types of pollution coming into Sydney Water's wastewater treatment plants to make existing processes more effective. However, it won't upgrade the capacity of the plants so they can treat wastewater from thousands of new customers across our growing cities.

## Governance

### **Is Sydney Water a private company?**

Sydney Water is a NSW State Owned Corporation. Major shareholders are the NSW Treasurer and NSW Minister of Finance.

### **How do we know that pricing is competitive? What's the process to ensure customer bills aren't excessive?**

The Independent Pricing and Regulatory Tribunal (IPART) is Sydney Water's economic regulator.

IPART monitors the prices Sydney Water charges residents and businesses for water, wastewater and stormwater services as well as the investments Sydney Water makes to deliver those services. IPART ensures that Sydney Water does not over-charge customers for the cost of its investments.

IPART undertakes an extensive review of Sydney Water's prices and investments every five years. The next review will be between September 2024 and June 2025. This process provides opportunities for customers to make written submissions to IPART or voice concerns at a public forum where IPART outlines the draft decisions it has made for Sydney Water's prices.

### **How do you measure the quality of works performed by Sydney Water?**

There are a range of processes in place to ensure that all work undertaken and managed by Sydney Water meets required standards. These include the Operating Licence set by our regulator, the Independent Pricing and Regulatory Tribunal (IPART), and audited annually. This includes a requirement to have an accredited asset management system in place.

Sydney Water also takes the advice of external standards authorities when considering equipment and components, including Standards Australia. There are also Water Industry Standards managed by the Water Services Association of Australia which include technical and equipment standards. Sydney Water must also comply with SafeWork requirements.

For those working on certain important drinking water assets and sites, an additional accreditation is required under the Australian Drinking Water Guidelines. Work by external service providers is procured via competitive tendering as for any large infrastructure business. Service providers need to be pre-qualified, or they need to demonstrate all the relevant licensing, track record, and skills.

## What different responsibilities do WaterNSW and Sydney Water have?

WaterNSW has two separate functions:

- 1) WaterNSW is responsible for supplying Greater Sydney's bulk water needs. Sydney Water purchases this water from WaterNSW's dams, thereby funding WaterNSW.
- 2) WaterNSW is also responsible for providing water directly to rural NSW residents and businesses.

WaterNSW is, therefore, responsible for protecting Greater Sydney's water supply catchment, supply of the raw water, and operating and maintaining bulk water storage facilities such as Warragamba Dam.

Sydney Water is responsible for taking the raw water supplied by WaterNSW and treating and supplying water that is suitable for drinking. Sydney Water is also responsible for receiving, treating, and discharging wastewater back to the environment.

## Who sets water restrictions and what criteria are used to determine when water restrictions are introduced?

The NSW Minister for Water is responsible for setting water restrictions. Sydney Water is responsible for implementing the restrictions and providing advice to Government on their design based on customer engagement and what we know about how our customers use water. Multiple factors influence whether to introduce water restrictions including dam levels, weather forecasts, rainfall, and inflows into our dams. More information on how Sydney Water responds to drought can be found in the [Greater Sydney Drought Response Plan](#).

## Who is the Customer and Community Reference Group (CCRG)? Who makes sure they represent us?

The CCRG is a group of independent members representing various views and interests of our customers and their communities.

The CCRG is chaired independently, ensuring the group upholds its objective, which is to ensure that Sydney Water's decisions are in the best interests of customers. The CCRG is also a requirement under our Operating Licence and its effectiveness in meeting the requirement is audited periodically by our regulator, the Independent Pricing and Regulatory Tribunal.

There are 12 CCRG members. Some members represent groups (such as the Ethnic Communities Council of NSW, Total Environment Centre, Council on the Ageing NSW, Urban Development Institute of Australia, Public Interest Advocacy Centre) and others are individuals representing our broad customer base.

Membership of the CCRG was advertised through an open expression of interest. The Independent Chair was appointed first, then members were selected by a panel including the Independent Chair and Sydney Water Executives.

Our Managing Director, Board members, and General Manager – Customer and Stakeholder Engagement attend formal CCRG meetings. The CCRG can ask questions to Sydney Water Executives or management, either directly or through the Independent Chair.

You can [read more about the CCRG](#), the members and the minutes of their meetings on the Sydney Water website.

### **How is the Independent Pricing and Regulatory Tribunal (IPART) appointed and is there an ombudsman?**

IPART's Tribunal, the regulator's decision makers, are appointed by the NSW Government's Minister for Customer Service. However, IPART is required to act independently from Government in line with other agencies such as the Independent Commission Against Corruption. The Tribunal employs people to provide research, analysis, advice, and recommendations, and it bases its decisions on this information, including any decisions involving Sydney Water.

The Energy and Water Ombudsman, New South Wales (EWON) provides its services to all Sydney Water's customers. EWON can provide independent advice and assistance to Sydney Water customers at any time and can facilitate external resolution of a dispute.

### **Does Sydney Water change its policies depending on who is in government?**

Sydney Water does not change its operating licence based on who is in government. However, we are accountable to the Portfolio Minister (NSW Water Minister) and two Shareholder Ministers (the NSW Treasurer and NSW Minister for Finance), as well as our Board and customers. We can be impacted by Government and Cabinet decisions and / or policy, with one recent example being the inclusion of Sydney Water and Hunter Water into the NSW Constitution. Any government directives must comply with the State Owned Corporations Act 1989, which governs our commerciality and social responsibility.

### **Does the Sydney Water Act stipulate an order of priorities or just list the three broad areas?**

The Act lists three principal objectives for Sydney Water:

- To be a successful business, including operating at least as efficiently as comparable businesses, maximising the net worth of the NSW Government's investment, and exhibiting a sense of social responsibility by considering the interests of the community in which it operates.
- To protect the environment by conducting its operations in compliance with the principals of ecologically sustainable development.
- To protect public health by supplying safe drinking water.

There is no order of priority among these objectives.

## **How do councils and Sydney Water work together – what is the working relationship?**

Sydney Water works closely with councils where there are common interests, particularly around waterways health and supporting cool, green public open spaces. Councils and Sydney Water both own parts of the stormwater network, so work together to manage it. We work together on catchment organisations, such as the Parramatta River Catchment Group. Councils and Sydney Water also cooperate with each other when undertaking repairs, to minimise disruption. This is a positive working relationship, where both organisations are constantly working through who is better placed to deliver services for customers and the community in the most cost-effective way. Councils and Sydney Water also work together to ensure new developments have the necessary water services.

## **Does Sydney Water negotiate with the Independent Pricing and Regulatory Tribunal (IPART) or is IPART's decision final?**

IPART's decisions are final. However, IPART's decision-making process involves a period of consultation where Sydney Water and other parties (including individual customers) can submit their views on whether IPART has properly understood or considered an issue in reaching its conclusions. This occurs in IPART's five-year review of Sydney Water's pricing and planned investment. For IPART's next review of Sydney Water, customers will be able to submit their views and comments between November 2024 and April 2025.

Also, in unusual circumstances, IPART may review a decision ahead of the five-year timeframe.

## **What happens if Sydney Water spends money on something that wasn't included in its expenditure plan or doesn't spend money on things that were in its plan?**

The Independent Pricing and Regulatory Tribunal process allows Sydney Water to deviate from its proposed expenditure plans. The price review includes a 'true-up' process that mostly matches what was a reasonable amount for Sydney Water to have spent to what Sydney Water asked for. If Sydney Water doesn't spend money included in the plan, that money will be returned to customers as a bill adjustment. If Sydney Water spends money that wasn't included in the plan but is required, prices will be adjusted at the start of the next customer bill period to recover the expense.

## **Is once every five years sufficient for the Independent Pricing and Regulatory Tribunal (IPART) to fairly assess pricing?**

The process of determining prices is resource-intensive and, consequently, is scheduled for every five years. If circumstances change significantly, IPART can conduct an earlier review. The process involves Sydney Water engaging with its customers to find out what's important to them. Customers inform Sydney Water's price proposal which we prepare and submit to IPART. IPART then consults with the public and reaches a decision.



## **How have interest rate increases and debt-servicing costs affected price increases and the next five-year proposal?**

Part of our debt portfolio is still locked in at relatively low interest rates, but this funding will continue to expire every year and roll onto new, higher rates. However, we work hard to keep borrowing costs as low as possible:

- We have changed banks to one offering more favorable terms.
- Wherever possible, we source debt through the state funds manager, NSW Treasury Corporation, to keep the cost of funds as low as possible.

With Sydney Water's current level of debt, higher interest rates are expected to add about \$41 a year to the average customer bill, even if Sydney Water held capital spending and borrowings at the same level as over the past five years. This increase has been factored into the base bill increases we include when we discuss with customers what combination of service levels, risk and cost they want us to deliver.

## **Over what period of time does Sydney Water currently prioritise capital expenditure?**

Our Long Term Capital and Operational Plan captures our key infrastructure and operational decisions to 2050.

## **Is net zero mandated by the Government or is it a Sydney Water decision?**

The NSW Government has recently established legislation that requires the state and its agencies to work towards a target of net zero emissions by 2050. The Government has issued an expectation that Sydney Water, as a State Owned Corporation, will operate its business in a way that is consistent with the NSW Government's net zero 2050 targets, including a plan to fast-track emissions reduction over the next decade.

## Profits and Spending

### **What does Sydney Water do with the funding it receives from the NSW Government?**

The 5 per cent of our income that comes from the NSW Government on a regular basis is money recouped for Community Service Obligations (CSO). CSOs are social programs provided by Sydney Water on behalf of the NSW Government, and we are reimbursed for the costs of these programs, as well as lost revenue.

CSOs include concessions we provide to pension cardholders, the exemption we provide for certain property types like churches and charities, and the Payment Assistance Scheme credits we provide to customers experiencing payment difficulties. Approximately 11 per cent of our properties belong to pensioners. The Government covers the concession to pensioners so the broader customer base doesn't have to, keeping bills fairer for everyone.

The CSO payment is reviewed each year based on how much total assistance is required. The payment is expressed as a percentage rather than a dollar figure, which is why it stays at around 5 per cent of Sydney Water's revenue.

The NSW Government can also help fund Sydney Water's investments on a case-by-case basis, reducing the costs our customers are required to contribute.

### **How much has the Government invested in Sydney Water over the past 20 years and how much dividend has been paid to the Government over the same period?**

The NSW Government has invested \$900 million into Sydney Water since June 2003. Sydney Water has used a combination of this funding, funds from borrowings, and cash generated from operations to fund \$21 billion of capital investment in our infrastructure assets over the same period.

Sydney Water, via legislation governing state-owned corporations, must maximise the NSW Government's investment into its operations. Sydney Water achieves this objective through the payment of dividends back to the NSW Government. Sydney Water has made dividend payments totalling \$8.6 billion since June 2003. These dividend payments are then used by the NSW Government to help provide other government services, such as education and healthcare to the people of NSW.

The above figures are adjusted for inflation using the value of today's money.

## Do costs and bills increase because dividends are given back to Government?

Sydney Water is owned by the NSW Government in accordance with the 1994 Sydney Water Act. Each year, NSW Treasury agrees with the Sydney Water Board of Directors on the objectives, performance targets, budgets, and treatment of profits. This agreement is tabled to government and is known as the Statement of Corporate Intent (SCI). This [document](#) is available on our website and our performance against it is detailed in our [annual reports](#).

The net profit after tax delivered by Sydney Water is:

- 1) Distributed to the NSW Government to fund hospitals, schools, and childcare.
- 2) Re-invested into Sydney Water to ensure the business remains sustainable.

Our most recent SCI targets a 61 per cent dividend payout ratio. This is done in accord with [NSW Treasury's Capital Structure Policy and Financial Distribution Policy for Government Businesses](#). This strict policy ensures Sydney Water remains financially sustainable.

An important element of this policy is the gearing ratio, which is the amount of debt the company holds compared to shareholders' equity.

In essence, this is like re-financing a mortgage on your home, except the Government aims to hold 60 per cent of the ownership in debt and 40 per cent in equity. This ratio is important as it maintains our credit rating. Too much debt and the business is not sustainable, too much equity and the Government loses money it could otherwise have spent on essential services.

This ratio is informed by the [Independent Pricing and Regulatory Tribunal through its Weighted Average Cost of Capital \(WACC\) method](#), which compares us to other water businesses of similar risk. This estimate is frequently reviewed.

Between 2018 and 2021, dividends between \$500 million and \$900 million were made to move from a 50 per cent to a 60 per cent gearing ratio. Now that we have reached 60% debt, we forecast annual dividends of \$100 million to \$300 million per year based on net profit after tax.

## Can Sydney Water over-collect revenue and what's the process of returning money to customers if it does?

Sydney Water can over-collect and under-collect the revenue that it needs to operate its business. This can occur for a variety of reasons.

For example, the weather may be drier than expected, resulting in Sydney Water needing to invest more in ensuring its systems are operable. Since Sydney Water's prices are regulated, it may not have the means to recover the money it needs and may need to reprioritise funding from other areas, such as the dividend it would otherwise give to Government.

In the same circumstance, the drier weather may mean residents and businesses in Greater Sydney use more water. Sydney Water recovers its funding based on the amount of water used by its customers. Therefore, drier weather may also mean recovering – or even over-recovering – the additional money needed to maintain its systems.

Where the amount is material, determined in discussions between Sydney Water and its regulator, there is often an opportunity to return over-recovered money or recoup under-recovered money every five years. Customers experience this through a bill that is lower than it would otherwise be, or higher if Sydney Water under-recovers money.

### **Does Sydney Water outsource contractors / plumbers when demand is high to reduce cost and improve performance?**

Sydney Water, like any corporate business, has to assess on a daily basis the balance between using its own resources and outsourcing to a private company to deliver the required service levels in the most efficient way. While managing cost is important, outsourcing can help ensure we always have the right knowledge and skills available for our valued customers even when demand for service response is high.

Sydney Water currently works with a range of privately owned companies to plan for and deliver new infrastructure and maintain some existing services.

### **How does Sydney Water manage its budget to agreed funding?**

The Sydney Water Executive and Board approve annual budgets at the beginning of each financial year. Budgets are reviewed and monitored against actual spend every month by Sydney Water's finance team, business group leadership teams, program managers (where appropriate) and our Executive prior to being reported to our Board. Key risks and opportunities in meeting the budget are highlighted to the Executive and the Board through Sydney Water's monthly forecasting process.

While Sydney Water generally aims to track to the Independent Pricing and Regulatory Tribunal's (IPART) agreed funding for the five-year period, it may have to vary its expenditure where there is a significant change in circumstances. For any change in expenditure, Sydney Water must show IPART that the money is being spent efficiently and on the right things using the best available information at the time.

### **When we have water restrictions in place how does it affect Sydney Water's bottom line?**

When Sydney Water's customers use less water than was forecast at the beginning of a five-year Independent Pricing and Regulatory Tribunal (IPART) period, Sydney Water recovers less money than forecast. In accounting speak, we under-recover revenue. The need for water restrictions is one reason this may occur. Other reasons include population and / or development growth below forecasts.

When Sydney Water under-recovers revenue, this can reduce its bottom line in the short term. IPART's framework currently allows Sydney Water to recoup some of this back from customers over the following five-year period.

## **Why hasn't Sydney Water been putting money aside gradually over time for building infrastructure and does it have emergency funds available?**

Sydney Water, at the direction of the Independent Pricing and Regulatory Tribunal (IPART), has historically only recovered the money that it needed to fund the operations and capital investments that were needed at a given point in time. This was to ensure that the users and beneficiaries of those investments paid for them. For example, Sydney Water has historically only begun to recover the costs of building a new water treatment plant after the plant was turned on to provide drinking water to Sydney Water's customers. Setting money aside would have meant charging customers more in the past than Sydney Water would have needed to operate the business at the time.

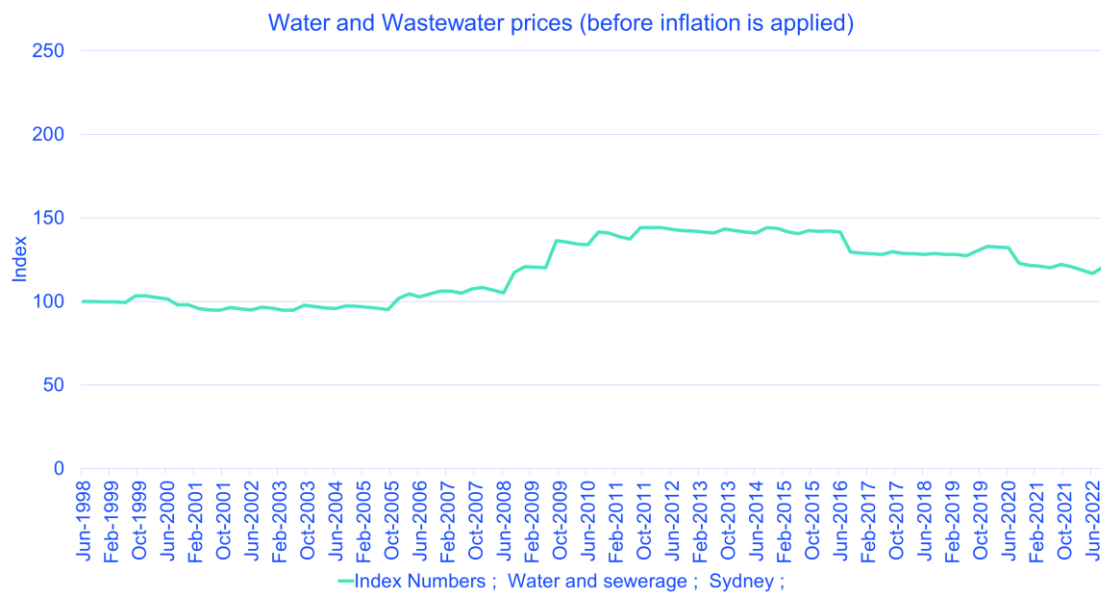
Sydney Water regularly plans ahead to determine the best use of customers' money in building new infrastructure while ensuring performance continues to be met. If Sydney Water decides to reduce investment over a five-year period, performance-related outcomes decline. The forecast bill increases presented to customers reflect the most efficient way of delivering customer outcomes, including other sources of revenue such as infrastructure contributions.

In the last five years, Sydney Water has increased infrastructure investment to service new customers, while maintaining existing performance levels. An example of this is the current delivery of two new water reservoirs in Oran Park to service 84,000 new customers in South Western Sydney.

For more information please visit:

<https://www.sydneywatertalk.com.au/hub-page/major-works>

<https://www.sydneywatertalk.com.au/projects>



**The above graph shows an increase in bills during the late 2000s. What happened?**

Customer bills increased at that time due to costs associated with building the Sydney Desalination Plant.

This results in bills which sustain at a higher level over a long period of time. This is so the costs of these large assets are spread across those who benefit from the use of it (in this case, to provide water).



## Regulation

### **How can Sydney Water's operating licence not be renewed?**

Sydney Water's Operating Licence is regularly reviewed by the independent regulator, the Independent Pricing and Regulatory Tribunal (IPART), to ensure our licence continues to meet its objectives and remains fit for purpose. IPART also audits our performance against the licence each year to ensure that Sydney Water continues to meet its required standards.

Our licence may be cancelled by the Governor of the day in very exceptional circumstances as set out in the Sydney Water Act 194 (NSW). These exceptional circumstances include:

- if Sydney Water was to stop carrying out our required functions under the Act
- if the Minister believes Sydney Water to be in significant breach of its responsibilities
- if there have been multiple criminal convictions against Sydney Water.

In the event that any of these exceptional circumstances arose, the Governor could choose to transfer responsibilities back to a government department or to another organisation. To date, Sydney Water's Operating Licence has never been cancelled.

### **If Sydney Water loses its licence, can Sydney Water privatise the supply of water?**

In 2023, the NSW Constitution Act 1902 was amended to limit the circumstances in which Sydney Water and Hunter Water and their services could be sold into private hands. The amended Act currently states that Sydney Water and Hunter Water, and their main undertakings, may "not be sold or otherwise disposed of, unless authorised by an Act of Parliament".

### **The Government regulates Sydney Water through an Act. But also the regulators NSW Health and the Environment Protection Authority, and the Acts they operate under. How do we get an assurance of quality?**

Sydney Water is directly regulated by NSW Health (which regulates the quality of drinking water), the NSW Environment Protection Authority (which regulates environmental outcomes), and the Independent Pricing and Regulatory Tribunal (which regulates costs and the delivery of other service-related outcomes).

The assurance of service quality and outcomes customers receive, and the risks and costs customers pay are considered in detail through the processes each of these regulators undertake regularly. These regulators typically set rules for Sydney Water to operate in which consider impacts on current and future generations.

## **How is the statement of expectations kept constant if it is from the Minister? How often can it be changed?**

The [Statement of Expectations](#) is issued by the Treasurer on an annual basis. The Statement is signed by the Treasurer, Finance Minister, and Water Minister.

The Statement of Expectations' purpose is to help Sydney Water ensure its strategic direction aligns with the Government's expectations.

See more here: [parliament.nsw.gov.au/tp/files/187269/Sydney Water Statement of Corporate Intent 2023-24.pdf](https://parliament.nsw.gov.au/tp/files/187269/Sydney%20Water%20Statement%20of%20Corporate%20Intent%202023-24.pdf)

## **Is it the case that Melbourne Water is owned by users and, if so, does extra money go back to the consumer if there is an overrun?**

Melbourne Water is a water wholesaler. The NSW equivalent is the bulk water services provided by WaterNSW. Melbourne Water, WaterNSW, and Sydney Water all operate under the same economic framework (owned by their respective State Government, profits made go to dividends that are paid to the respective State Government).

This economic framework is widely used for other water utilities (such as Hunter Water, South East Water, and Yarra Valley Water which are two metropolitan water retailers in Victoria, and South Australia Water). It is also commonly used for regulating energy transmission companies.

## **Why doesn't the State Government fund infrastructure built by Sydney Water?**

Sydney Water recovers most of its costs from its customers (people of Greater Sydney) because they are the users and beneficiaries of the services that Sydney Water provides. If the Government was to fund these services through taxes, then taxpayers across NSW would be paying for Sydney's water services.

However, the NSW Government does sometimes help fund Sydney Water's investments. This reduces the amount that customers are required to contribute.

## Technical Capability

### **Is Sydney Water putting in new technology / infrastructure to reduce wastewater and improve quality?**

Sydney Water works with the Government, councils, and developers to make sure new developments have the right pipes and assets available to provide water services to new residents and businesses. All residential developments in NSW are required to gain compliance with sustainability standards. Specifically, as developers introduce more water-efficient appliances, less wastewater is produced. We also work with the NSW Government to plan the big city-scale water and wastewater infrastructure that our city needs in the future. This includes planning for recycling.

### **Does Sydney Water learn from overseas or interstate?**

Sydney Water continues to learn from other utilities around the world, and our people attend and present at a range of technical conferences and online events across Australia and around the world.

Sydney Water also learns from water utilities across Australia through our Water Services Association of Australia membership. One of the biggest lessons we've learned recently has been from the water shortage in Cape Town, South Africa. It has reinforced how important it is to plan ahead and to consider the impacts of climate on surface water supplies and the need to adapt. As a result, Sydney Water has now developed the Greater Sydney Drought Response Plan which sets out how Sydney Water, WaterNSW, and the NSW Government will work together to respond to droughts in the future.

### **How does Sydney Water compare to other water utilities?**

Sydney Water is constantly benchmarked against other water and wastewater utilities in Australia. Overall, there are some areas where Sydney Water performs better than its peers and areas where it does not. The urban water utility national performance reporting framework shows that Sydney Water has one of the lower operating costs for water supply and wastewater per customer, as well as one of the lowest number of water and wastewater complaints per customer. Sydney Water also has the lowest property connection sewer breaks and chokes per 1,000 properties. For further information [click here](#).

### **What is the feasibility of capturing water from the North Coast and transporting it to Sydney?**

Water is costly to transport over long distances, and there would be significant ongoing costs maintaining and operating such infrastructure. Before we could investigate this idea, Sydney would have to demonstrate that it considered and implemented all other options to ensure it is efficiently using its existing water supply.

Water providers in the North Coast region are also investigating options to improve their water security, as they rely heavily on local rainfall and small local storages to meet their demands.

## **Does Sydney Water generate its own electricity from hydro for running pumping stations?**

Sydney Water has looked into this in the past, with ideas including regenerating electricity as water flows back down from reservoirs after previously being pumped up there. It has been found that there hasn't been a strong enough business case for this. Importantly, the safety and quality of drinking water has to be the highest priority, so integrating power generation equipment would need to be very carefully managed at a higher cost than “normal” pumped storage.

However, Sydney Water does generate its own electricity from water and wastewater treatment facilities using hydroelectricity schemes and wastewater using biogas which reduces the cost of purchasing electricity from the grid.

## **Besides desalination, what other options are being used globally that Sydney Water could learn from?**

Desalination is the most common large-scale water supply alternative to dams across the globe. Other options at different scales include purified recycled water, localised onsite reuse systems (Hydraloop), stormwater harvesting and reuse, and small-scale desalination plants. Water conservation also plays an important and effective role in increasing water-supply resilience in the long term.

## Desalination

### **Does Sydney Water run the desalination plant or buy water from it?**

The Sydney Desalination Plant is privately owned and operated. Sydney Water buys water from that facility.

### **Which areas are getting desalinated water?**

A [map is available on our website](#) showing which areas receive water from the desalination plant.

### **How much desalinated water is Sydney Water producing each day?**

Sydney Water pays Sydney Desalination Plant for drinking water supplied from the plant. SDP is privately owned and operated. Its shareholders look after the operation and maintenance of the plant.

Production from the desalination plant can vary to meet the city's needs up to a maximum of 250 million litres per day.

### **With climate change impacting rainfall more and more, is the plan to build more desalination plants?**

Sydney Water uses the best available information on climate change to understand how inflows into existing dams may change in the future. This information has been used alongside other information such as growth forecasts to work out how much additional water supply may be needed, be that through desalination, purified recycled water, or recycled water. The Sydney Desalination Plant at Kurnell is currently the only rainfall independent source of drinking water for Greater Sydney and has been running continuously since 2019. The Government is investigating options to have its capacity doubled to ensure there is enough drinking water for a growing city.

### **Will desalination harm the environment when the water is taken out of the ocean and when brine is returned?**

The tunnels that bring water into and out of the Sydney Desalination Plant (SDP) ensure that the water comes in and out of the plant at slow speed. The flow rate of seawater entering the intake tunnel is quite slow – less than one metre per second – and substantially less than seawater currents in the area. This allows the local marine life to swim out of the tunnel and not get drawn into the plant. The water returned from the plant into the ocean is twice as salty as it was coming in.

Nozzles on the outlet tunnel make sure the water mixes rapidly and returns to normal seawater salinity and temperature so as not to have an adverse effect on the local marine environment.

Read more about desalination [here](#).

## Water Quality

### **Why can water taste be inconsistent across Sydney?**

The taste of drinking water can vary for several reasons, including seasonal factors, changing water source, and changes in the operation of our network. Taste can also vary from the plumbing within your property or building and the length of time it sits without use within this pipework. All Sydney Water drinking water, regardless of its source or taste, meets the Australian Drinking Water Guidelines and is safe for drinking.

### **Is there room for improvement in water quality?**

Sydney Water ensures all water supplied meets the Australian Drinking Water Guidelines. However, variation in raw water quality can mean that your water tastes and smells slightly different. These guidelines are updated from time to time to reflect new findings and Sydney Water responds by ensuring drinking water can be delivered to the new standard by either operational improvements or investing in facility upgrades.

Sydney Water is working to ensure the quality of drinking water is maintained into the future, as climate change is likely to further impact the quality of our raw water sources. Where there is room for improvement, Sydney Water needs to balance costs associated with upgrading its treatment facilities with the benefits to customers from improved water quality.

### **Who supervises Sydney Water to test quality and cost – is it independent?**

Sydney Water's monitoring programs are agreed with NSW Health, and water-quality performance is routinely reported to NSW Health. Australia's National Association of Testing Authorities (NATA) accredits our laboratory and field sampling teams. NATA members receive a globally recognised, peer-reviewed and government-endorsed accreditation that provides a unique level of assurance to members, their clients, and the community. We report our results and process to NSW Health.

In addition, Sydney Water demonstrates best practice through implementing various management systems, which are based on certified international standards and to the satisfaction of its regulators including infrastructure, drinking water, wastewater, recycled water, the environment, and work health and safety. These management systems are audited annually through an independent process. The Independent Regulatory and Pricing Tribunal (IPART) also reviews Sydney Water's costs and sets the price that customers pay for drinking water.



## **How do we base and measure the quality of our water? What are we comparing it to?**

Sydney Water tests the water quality against the Australian Drinking Water Guidelines. Drinking water is tested against both health and aesthetic values, such as colour, taste, and smell, from the Australian Drinking Water Guidelines to ensure Sydney Water meets its regulatory obligations, as well as customer expectations. Water is tested at various stages throughout the filtration process to inform treatment and long-term trends. [Water quality reports are produced](#) on a quarterly and annual basis and are available on Sydney Water's website.

## **Currently, 10 per cent of customer bills go toward water quality. But Sydney Water plans to put 3 per cent of new spend toward water quality. Does this mean water quality will be reduced in the future?**

The forecast increase in infrastructure spend is in addition to what Sydney Water would normally spend on water quality. The 3 per cent has been allocated to support drinking water quality with a major focus on upgrading the capacity of Sydney Water's water filtration plants to ensure they continue to meet drinking water compliance requirements. Sydney Water will continue to spend 10 per cent of your overall bill towards treating your water, and testing it at every stage, so you know it is safe.

## Water Recovery

### How much recycled water is used for irrigation?

Good irrigation relies on access to reliable sources of water. Where irrigation is required for urban parks and gardens, the most reliable source of water is often drinking water, as there is existing infrastructure. While recycled water may be more appropriate, in many cases it is expensive to build new infrastructure which would then need to be managed separately. It can be hard to recover these costs from users, even though recycled water might have broader benefits for a cooler, greener environment. In outer areas of Sydney, agricultural irrigators will often use river water for irrigation. Because it is not treated, it is cheaper than drinking water or recycled water. Irrigators who access water from the environment require a licence from the NSW Government, and they pay fees depending on how much water they extract. Some informal agricultural recycling occurs downstream of some of our wastewater treatment plants, where irrigators have a reliable supply of highly treated tertiary wastewater.

### Is recycled water being mandated for new developments in Sydney?

Connecting to recycled water is not mandated. However, all residential developments in NSW are required to gain compliance with sustainability standards (also known as BASIX) as part of the development approval process. The water component of BASIX aims to reduce drinking water use from each new home to a set target. To comply, a development must nominate what water saving features it will implement to meet the target. This includes recycled water, rainwater tanks, and plumbing fixtures like showerheads and taps. While optional, some type of alternative supply is usually selected to achieve the target. Most developments will select a rainwater tank as it is less expensive than recycled water.

### Does Sydney Water remove microplastics from water? Does it test and remove PFAS and PFOS?

The Australian Drinking Water Guidelines provide values for known contaminants of drinking water that may present a health risk, but there is no guideline for microplastics.

Sydney Water, WaterNSW, and NSW Health reviewed the risks of microplastics in our drinking water catchments in 2017. Based on current evidence, the risk to Sydney's water supplies, given the largely protected nature of our catchments, was likely to be low in drinking water.

The NSW Environment Protection Authority (EPA) is currently undertaking a PFAS investigation program to better understand the extent of PFAS use and contamination in NSW. Sydney Water and WaterNSW have assessed, based on the best available knowledge, there are no sites of high-risk activities associated with PFAS in Sydney's drinking water supply. As a result, the risk is low.

## **What happens to the impurities from wastewater?**

For treated water, any residuals are either reused via land applications or sent to landfill as a last resort.

For wastewater treatments, any organic residuals are processed and recycled as biosolids, and inorganics are removed and sent to landfill. Sydney Water and the NSW Environment Protection Authority are looking at options to recycle these.

When we produce advanced treated water via reverse osmosis, it creates a brine (salty water) stream. We dispose of this via our coastal wastewater treatment plants.

## **How is stormwater captured?**

There are a range of different ways stormwater can be captured. Rainwater can be captured before it hits the ground by rainwater tanks. At the street and community level, tree pits, raingardens, wetlands and bioretention basins can capture stormwater by diverting it into vegetated areas and releasing excess water slowly into surrounding soils and streams. We can also harvest stormwater by collecting it in larger wetlands, ponds, or tanks, and treating it.

## **What percentage of Sydney's drinking water comes from purified recycled water?**

No drinking water in Sydney Water's supply comes from purified recycled water. Sydney Water recently opened its Purified Recycled Water Discovery Centre at Quakers Hill to demonstrate how the PRW treatment technology works and to educate customers. As its purpose is as a demonstration facility only, water from the plant is not used in the drinking water supply.

Sydney Water currently supplies approximately 20% of Greater Sydney's potential non-drinking water demand (e.g. parks, gardens and some businesses) with 40 billion litres of recycled water each year. This has avoided the need for customers to use almost 12 billion litres of drinking water for non-drinking water needs.

## Pipes, Leakage, and Network Maintenance

### **How much water is leaked due to damaged pipes? What is the cost to fix and improve pipelines vs cost of leaked water?**

Our level of leakage was 129 ML/d in 2023.

By maintaining its pipes, Sydney Water can reduce the volume of treated water that is lost and unused through its pipe network. As this water is purchased from WaterNSW and then undergoes treatment prior to being sent through the pipes it incurs a cost upfront. This is a cost that Sydney Water cannot recover from customers, so it makes financial sense for Sydney Water to spend money on activities that reduce water leaks.

This can continue up until the point where the total cost of fixing the pipe is the same as the cost that Sydney Water pays for the treated water that would otherwise continue to leak. Any activities that go beyond this are dependent on the expectations of Sydney Water's customers. The cost to maintain pipes varies and depends on the location of the pipe, its size and how accessible it is to undertake proper maintenance without disruption to customers and the community.

### **How are pipes maintained, what's the cost and life expectancy?**

Sydney Water's pipes are maintained using a variety of methods. These include reactive repairs to leaks, rectifying and repairing pipes that are faulty as well as routine checking of pipes to keep them functioning.

The cost to maintain pipes varies and depends on the location of the pipe, its size, and how accessible it is to undertake proper maintenance without disruption to customers and the community.

The life expectancy of pipes is around 100 years. However, this depends on the extent that maintenance of pipes is carried out.

### **How does Sydney Water manage water during floods, and does it capture flood water for future use?**

Sydney Water and local councils have joint responsibility for individual stormwater-management facilities in suburbs. Stormwater systems drain water away from our suburbs to prevent nuisance flooding. Councils lead local flood planning committees, and Sydney Water is represented on these in areas where we have stormwater systems. We will implement works to alleviate local flooding when the need is identified by local flood planning committees. In new development areas in some parts of Western Sydney, we are planning stormwater harvesting schemes that will make better use of water in the landscape.

In the Hawkesbury Nepean River, the SES is responsible for the emergency response to large flood events. WaterNSW manages Warragamba Dam. During large flood events the amount of water generated exceeds dams' maximum capacity so some water has to be released downstream.

## **How is maintenance and upgrade work conducted on Sydney Water filtration plants?**

Sydney Water designs its treatment plants with parallel treatment processes so that we can take an individual treatment process offline one at a time for backwashing (cleaning). This allows Sydney Water to maintain the overall supply performance of the plant while still allowing for routine operations and maintenance.

Additional proposed investments in pre-treatment infrastructure will improve the efficiency of the treatment processes and allow the treatment plant to operate under broader raw water quality conditions.

## Water Security

### **Have we got enough water to service the growing population?**

There is an increasing demand on our services. The ability of our current drinking water supply to meet the demand of a growing city is at a tipping point. We currently rely on dams for 85 per cent of our water supply needs and the severity of the last drought demonstrated the need to increase our rainfall independent supplies. This will help us manage drought, climate change, and a growing population.

### **Will Sydney ever run out of water?**

Sydney Water plans its water supply network system to avoid having supplies going below minimum service levels, though it still could happen under severe and extended drought. To minimise the risk of this, we need to continue to build new supplies to manage growing demands and support more efficient use of water. Sydney Water has an adaptive plan – the Greater Sydney Drought Response Plan (GSDRP) – to help us better respond to potentially more severe droughts due to climate change, so we can make timely decisions to make the most of the available supply until a significant rainfall event occurs.

### **What do floods, fires, and drought do to the quality of drinking water?**

Floods and fire can affect the quality of raw water in our dams, which means our water filtration plants have to work significantly harder to meet Australian Drinking Water Guidelines standards. In some instances, it will mean we will reduce the volume of water supplied from these plants to maintain drinking water quality. In rare instances, this can lead to us asking customers to reduce their demand to take pressure off affected facilities. Floods cause increased flows which can wash sediments and nutrients into our dams. During drought, the hotter conditions can lead to algae blooms and turnover of the water. Water quality at the bottom of our dams is poorer, filled with sediment and organics that settle to the bottom.

In recent years, drought and bushfires have impacted our drinking water catchments which were followed soon after by drought-breaking rains and floods, reducing our treatment plant capacity and requiring the Sydney Desalination Plant to supplement supply. Through these extreme events, Sydney Water continued to deliver safe drinking water to our customers.

### **What is in place to manage the security of water supply?**

The NSW Government has set the long-term directions for Greater Sydney's water supply in the Greater Sydney Water Strategy. Sydney Water has developed its Long Term Capital and Operational Plan to respond to this strategy. We have also jointly prepared a response to drought with WaterNSW called the Greater Sydney Drought Response Plan. Sydney Water will invest in additional water conservation activities and new rainfall independent water supply sources to ensure we continue building resilience in our water services.



## **If it does not manage the dams or desalination plant, what is Sydney Water's role in water security?**

Sydney Water provides safe, high-quality drinking water to 5.3 million customers every day across Greater Sydney, the Blue Mountains and the Illawarra. WaterNSW and the Sydney Desalination Plant (SDP) are bulk water suppliers. If Greater Sydney's water demand is projected to grow, either due to population growth or behaviours, then Sydney Water needs to plan to ensure that we can meet customer needs, either through better use of existing supplies (e.g. contractual arrangements) or through new supplies. A Ministerial direction in January 2021 transferred responsibility for the planning and delivery of new water supplies to Sydney Water from WaterNSW. Sydney Water is best placed to investigate all options rather than individual ones from other suppliers. We do, however, work with WaterNSW, SDP and the NSW Government to investigate supply options.

## **Is there redundancy in the system to allow for unpredictable events?**

Sydney Water's infrastructure is classified as critical water assets under the amended Security of Critical Infrastructure (SOCI) Act 2018 (the Act) and we have a responsibility under the Act to protect our systems. The Act imposes numerous protective security and all hazard management obligations upon Sydney Water, including the requirement to maintain a documented risk management program that must be approved annually by the Sydney Water Board. As a result of these obligations, Sydney Water continues to implement redundancy measures to protect the integrity of the network and customer data in response to unpredictable events.

## **A significant part of a water bill is fixed costs. What are the incentives to save / preserve water?**

Typically, customers receive a quarterly bill. This includes service and usage charges. Most commonly, residential customers will have a water service charge, a wastewater service charge and a water usage charge.

The wastewater service charge is the bulk of the cost for an average residential customer. This charge includes an assumed amount of usage because it is not practical to measure the wastewater homes produce. This means this charge is fixed. For non-residential customers, they pay a service charge based on the size of their connection and a wastewater usage charge.

Customers have an incentive to save and preserve water through the water usage charge. All customers have control of their water usage. The current cost of water is \$2.67/kL. If the average residential user (200kL/year) reduced their use by a third, they could save \$178 a year.

## **Sydney Water has seemed to manage extreme weather / drought so far. What has changed that requires new infrastructure?**

As Australia's largest city on the driest inhabited continent in the world, we can't rely on rainfall alone. Prolonged dry weather, drought conditions and intense rainfall have shown us how quickly our water supply can deplete, and replenish and have its quality negatively impacted. Greater Sydney is also experiencing population growth and currently has a shortfall of sustainable water supply projected to increase over time.

Due to our reliance on Warragamba Dam, Greater Sydney currently has the lowest rainfall independent water sources of any major city in Australia, at only 15 per cent. That 15 per cent comes from the Sydney Desalination Plant which opened in 2010, the most recent significant investment in Sydney's drinking water supply.

We need to invest now to transform and integrate our water, wastewater, stormwater, and recycled water systems to ensure the continued reliability and improved resilience of our systems for generations to come. We intend to increase the amount of rainfall independent supply within our water supply system to 60 per cent over time, through purified recycled water and desalination schemes. Building additional supply in this way diversifies our supply sources, reduces our reliance on dams and can save customers up to \$2 billion. Our investments are intended to avoid the economic impacts that very severe water restrictions would have, not only on Greater Sydney, but on New South Wales.

## Who Pays

### **Do business customers pay the same amount on their bill as residential customers?**

Residential customers pay a certain amount on their bill to cover the cost of water and wastewater services. Non-residential customers, including customers associated with commercial and industrial properties as well as large apartment buildings, pay a different amount depending on their service connections and type of business operated at the property.

The bill for a non-residential customer includes charges for being connected to Sydney Water's water, wastewater, and stormwater networks, as well as usage charges for water and wastewater. Some non-residential customers also have charges for managing and treating trade wastewater from their property.

The charges for water and wastewater vary between each non-residential customer and depend on the size of the customer's meter, how many properties share the meter, the number of meters at the property and the amount of wastewater discharged.

Of the total revenue Sydney Water collects, approximately 25 per cent is from non-residential customers whereas 75 per cent is from residential customers.

### **In regards to growth into non-service areas, do developers and / or new homeowners bear this cost?**

At the moment, if the growth is part of the NSW Government's growth release program, then Sydney Water pays and costs are recovered through customer bills. In the future, some of these costs will be recovered in advance through customer bills. However, the remaining costs will be paid for by developers as they connect to Sydney Water's network, reducing the amount customers would otherwise pay over time.

A developer or landowner can apply to the NSW Government to bring forward release of precincts in growth areas ahead of schedule. Once this is approved, the developer will forward fund the infrastructure for their development and Sydney Water would consider reimbursing the developer based on the number of new customers who connect to the network.

More information is available in [Sydney Water's Growth Servicing Plan](#).

## **In regards to infrastructure contributions, why can't Sydney Water set aside a budget from its profit for this?**

Simply setting aside a budget from Sydney Water's profit for funding the cost of connecting water to new developments will not solve the issue. This is because the profit to fund this will need to be generated from every other existing customer, raising everyone's bills, including those of customers who do not or will not be living in new developments.

This then becomes a question of who pays. The options are:

- 1) State Government (taxpayers)
- 2) existing customers
- 3) local councils (local council rate payers)
- 4) developers.

The NSW Government re-introduced infrastructure contributions to be paid by developers, prioritising the principle that those who create the need for the service pay for it.

These costs are not expected to be fully or even partly passed on to home buyers. The Productivity Commission found that the maximum price a new apartment or household will sell for will be determined to a large degree by the broader housing market, with consideration of the property's characteristics and location.

The reintroduction of the costs charged to developers would encourage development in areas where it costs less to provide water services.

## **In regards to infrastructure contributions, who makes the decision about this charge? Do they mean that customers can expect reduced bills?**

The approach set by the Independent Pricing and Regulatory Tribunal (IPART) allows Sydney Water to start recovering costs from developers from 1 July 2024. This will reduce the amount of revenue Sydney Water requires from customers by 16 per cent and has been reflected in its future bill estimates. In other words, without the application of infrastructure contributions, customer bills would be higher in future.

## **Is it mandatory for developers to put individual meters on apartments so residents pay for their own usage?**

It became mandatory from 1 September 2014 for new or significantly renovated buildings to have individual metering. The NSW Rental Tenancy Act also states there must be a meter issued by a water authority in order to pass on usage costs to tenants. Some older-style buildings can have meters installed but, in some cases, the pipework is too interconnected to be able to accurately measure each unit separately.

All water usage charges are the same – currently \$2.67 a kilolitre. Water service charges vary between residential and non-residential accounts based on the size of the pipes. For buildings where there are no individual meters, the water usage is billed to the strata, who then recover the costs from unit owners.

## **How does Sydney Water recover its funding between residential versus commercial customers?**

The revenue Sydney Water collects from its customers is determined by the number of customers or households connected to Sydney Water's network and the average water and wastewater use per household. If a business or commercial customer requires a higher than average use of water, discharges a higher volume of wastewater, and has a larger meter size, their bill will be adjusted to reflect the additional service usage.

Of the total revenue Sydney Water collects, approximately 75 per cent is from residential customers and 25 per cent is from non-residential customers.

## **Is there scope to reduce bills as dividends to customers?**

The money that Sydney Water receives from customers (including the portion that is allocated as a dividend to the NSW Government) is part of the Independent Pricing and Regulatory Tribunal's framework. However, on agreement with the NSW Government, Sydney Water can reduce the dividend it expects to pay over the following five-year period. This will effectively reduce customers' bills.

## **If customers pay for capital upgrades, do we get a stake in Sydney Water?**

The NSW Government owns Sydney Water.

Customers pay for water from the tap and wastewater transport and treatment, not owning the assets or parts of the business itself. This is the same as the price you pay for goods and services in your everyday life.

## **Does the State Government contribute to the cost of new legal and regulatory requirements?**

The Independent Pricing and Regulatory Tribunal's framework allows Sydney Water to recover the costs of meeting new legal and regulatory requirements through customer bills. For example, many of these requirements relate to protecting the environment, so customers contribute as the beneficiaries of a higher quality environment.