



**INDEPENDENT PRICING AND REGULATORY TRIBUNAL  
OF NEW SOUTH WALES**

**Invitation to Tender**  
**2001/2002 Operational Audit of Sydney Water Corporation**  
*(Sydney Morning Herald, Australian Financial Review, Wednesday 17 June 2002)*

The Independent Pricing and Regulatory Tribunal is seeking tenders from suitably qualified auditors to conduct an independent Operational Audit of Sydney Water's compliance against the requirements of its Operating Licence for the period 1/7/2001 to 30/6/2002.

Submissions are required by no later than 5:00pm Wednesday 31 July 2002. Tenders should be mailed to the post office box below or delivered by hand to the Tribunal's offices, and should be marked: Attention: Meryl McCracken "Sydney Water Corporation – 2001/2002 Operational Audit".

Should you require a copy of the Audit brief or require additional information, please contact Michael Sedwell, telephone on (02) 9290 8487, facsimile on (02) 9290 8462, or email at: michael\_sedwell@ipart.nsw.gov.au.

Thomas G Parry  
Chairman  
17 July 2002

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44 Market Street  
SYDNEY NSW 2000

PO Box Q290  
QVB Post Office  
NSW 1230

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**INDEPENDENT PRICING AND REGULATORY TRIBUNAL**  
OF NEW SOUTH WALES

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**I N V I T A T I O N   T O   T E N D E R**

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**SYDNEY WATER CORPORATION - 2001/02 OPERATIONAL AUDIT**

**1      BACKGROUND**

The Independent Pricing and Regulatory Tribunal of New South Wales (IPART) is seeking suitably qualified consultants to conduct an audit of Sydney Water Corporation's (Sydney Water's) performance against its Operating Licence.

Sydney Water is a statutory State Owned Corporation wholly owned by the NSW Government. The Corporation provides water, sewerage and some stormwater drainage services to about 4 million customers within Sydney, Blue Mountains and Illawarra regions.

In accordance with the *Sydney Water Act 1994*, an Operating Licence was granted to Sydney Water by the NSW Government in 1995. At the end of 1999, the Tribunal recommended to the government terms and conditions to amend the Operating Licence for Sydney Water. The Licence was renewed on 1 January 2000 for a 5 year term. A copy of the Operating Licence can be found at [www.sydneywater.com.au](http://www.sydneywater.com.au)

The Operating Licence

- allows Sydney Water to provide services in its area of operations
- sets out minimum performance standards for the Corporation
- contains protection mechanisms for consumers of Sydney Water's services.

As part of its regulatory responsibilities, the Tribunal is required to conduct an annual Audit to assess the Corporation's performance against the Operating Licence.<sup>1</sup>

The Audit is used by the Tribunal as the basis for its report on Sydney Water's performance and its recommendations to the Minister for Energy (the Minister responsible for Sydney Water). The Tribunal is required to:

- a) inform the Minister about any failure of the Corporation to meet operational standards or any other requirements imposed on the Corporation under the operating licence
- b) monitor, and report to the Minister on, compliance by the Corporation with the operating licence, and
- c) provide advice to the Minister about any penalties or remedial action required as a result of the Corporation's performance under the operating licence.<sup>2</sup>

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<sup>1</sup> Section 31 (1) *Sydney Water Act 1994*.

<sup>2</sup> Section 31 (2), *Sydney Water Act 1994*.

The Tribunal is currently undertaking a mid-term review of Sydney Water's Operating Licence and will report to the Minister by 30 September 2002. The review is to consider:

- whether the licence is fulfilling its objectives, and
- any other matter required to be reviewed by the licence.

## **2 OBJECTIVES OF CONSULTANCY**

The objective of the audit is to advise and report to the Tribunal on Sydney Water's performance against its Operating Licence for the period from 1 July 2001 to 30 June 2002.

In preparing its report the auditor must:

1. Review and assess the level of compliance (or progress) achieved by Sydney Water against the Operating Licence requirements.
2. Assess and report on progress by Sydney Water in implementing the Ministerial Requirements arising from the 2000/01 Operational Audit of Sydney Water (these items are set out in Attachment 1).
3. Review and assess the level of compliance with (or performance against) the amended System Performance Standards introduced by the Minister on 1 July 2001. These standards relate to water pressure, water continuity and sewerage overflows on private land and are set out in Attachment 2.
4. Identify any factors that have affected Sydney Water's performance for the period from 1 July 2001 to 30 June 2002.
5. Identify any factors that could impact on Sydney Water achieving the performance requirements of the Operating Licence in the future.
6. Based upon the audit assessment, make recommendations on how Sydney Water can improve its performance in the future.
7. Give consideration to any public submissions on Sydney Water's performance.
8. Consult with Sydney Water's regulators (EPA, NSW Health and the Department of Land and Water Conservation) and other stakeholders, as appropriate.

The auditor will be responsible for assessing and interpreting the audit requirements and ensuring that the audit process satisfies all statutory requirements.

During the past three years, the NSW Health has commissioned an annual independent audit of water quality requirements, including the requirements of the Operating Licence. Provided it is endorsed by NSW Health, the 2001/02 report and discussions with NSW Health should form the basis of the auditor's assessment as to compliance with the relevant water quality guidelines.

Under its Operating Licence Sydney Water is required to provide IPART with a range of reports to inform the Operational Audit. This package of information will be provided to the successful tenderer at the start of the contract.

## **2.1 Outputs**

The main outputs from the Audit are:

- two draft reports and a final written report addressing the objectives of the consultancy
- discussions and meetings with the Tribunal and/or the Tribunal Secretariat, and
- presentations to the Tribunal and/or Tribunal Secretariat which outline the major issues and findings.

Seven bound copies and 1 loose-leaf copy, as well as electronic copies in Microsoft Word and PDF format, should be provided for both draft reports and the final reports.

The auditor should note that the final report will be tabled in Parliament by Sydney Water's portfolio Minister and, as such, will become a public document. Accordingly, the report should be clearly and logically set out and written in plain English, avoiding the use of unnecessary technical language. IPART will also publicly display and make the report available for downloading on its website.

On completion of the audit, the auditor's reports, working papers and advice provided to the Tribunal will become the property of the Tribunal.

## **2.2 Format of Report**

The Tribunal's format for the final report includes:

- a summary of compliance with the requirements of the Operating Licence and Ministerial Requirements and a summary of key recommendations
- a summary of key audit findings expressed in the context of the Sydney Water's business, legislated objectives and regulatory environment
- for each section of the licence and for any Ministerial Requirements:
  - a summary of findings
  - a summary of requirements
  - details of compliance
  - a discussion of any relevant factors affecting compliance
  - a discussion of any other relevant issue
  - recommendations on how performance can be improved in the future.

Further details of the Tribunal's preferred format will be provided to the successful tenderer.

### 3 CONDITIONS OF TENDER

#### 3.1 Timing

The successful tenderer must be able to meet the following work schedule:

<b>CONTRACT PROGRAM</b>		
<b>Month</b>	<b>Date</b>	<b>Activity</b>
September	Mon 2	Start of contract
October	Mon 21	Delivery of first draft Audit Report (First milestone)
	Fri 25	Discussion of first draft with Tribunal and /or Secretariat
November	Mon 18	Delivery of second draft Audit Report (Second milestone)
	Wed 20*	Discussion of second draft with Tribunal and/or Secretariat
December	Mon 2	Delivery of final Audit Report (Third milestone)
	Fri 6*	Discussion of final Audit Report with Tribunal and/or Secretariat (if required)
	Tue 10	Debriefing meeting with IPART and SWC on the final audit recommendations
		End of Contract

\*Indicative dates – subject to negotiation between the Tribunal Secretariat and auditor.

Formal written progress updates will be required from the consultant on a weekly basis. Progress meetings in addition to those in the above program are expected. The detailed consultancy work plan should reflect these.

#### 3.2 Fee

The fee quoted is to be inclusive of all costs including Goods and Services Tax, incidental expenses and disbursements. Payments will be due within 28 days of receiving an invoice as per an agreed payment schedule. The consultant may wish to outline a draft payment schedule.

A detailed breakdown of the consultancy work program is required with the proposal. The proposal should include estimates of the time required for the project, auditors to be involved in the project, their rates, and a total fee estimate. Staff costs should be clearly reconciled to the detailed work plan.

The auditor should allow for presentations to the Tribunal, discussion and meetings with the Tribunal Secretariat, and stakeholder meetings as required.

### **3.3 Proposal**

The consultancy proposal should:

- demonstrate an appreciation for the task and describe the approach intended to achieve it
- provide a list of personnel to be involved in the audit, together with brief resumes detailing relevant experience
- include a detailed work plan
- outline any potential conflicts of interest
- provide details of previous clients who can be contacted.

### **3.4 Presentation**

Short listed tenderers will be required to make a presentation on their proposal as part of the tender evaluation process.

### **3.5 Criteria for selection**

In selecting the successful consultant the Tribunal will consider the following matters:

- in-depth understanding and expertise in the areas covered by the Operating Licence (ie water quality, system performance standards, customer service and environmental measures)
- extent of knowledge about water and sewerage businesses
- experience in similar projects
- understanding of Sydney Water's regulatory framework
- proposed consultancy fee
- proposed audit and quality assurance procedures
- adequate resourcing and ability to provide results within the stated time frame
- guaranteed availability of key staff
- demonstrated ability to enlist the agency's cooperation while encouraging an acceptance of the audit outcomes
- any conflict of interest identified
- demonstrated ability to produce quality reports suitable for public distribution.

The successful tenderer will be able to assemble an audit team with specific expertise and experience in each of the core auditable areas (water quality, system performance standards, customer service and environmental measures) and will include in its consultancy proposal details of the audit team structure having regard to these categories. Tenderers may consider forming consortia or contracting specialist consultants to achieve this balance of skills.

### **3.6 Acceptance of Tender**

The Tribunal reserves the right to:

- accept no tender at all
- postpone indefinitely the acceptance of a tender
- call for new tenders
- appoint one or more tenderers to undertake the review
- approve or reject any sub-contractors the tenderer may wish to appoint.

### **3.7 Disclosure of information on Government Contracts**

Potential tenderers should note that Government contracting guidelines may require the routine disclosure of the following information:

- details of contract (description of project to be completed or goods/services to be provided or property to be transferred; commencement date of the contract; the period of the contract)
- the full identity of the successful tenderer including details of cross ownership of relevant companies
- the price payable by the agency and the basis for future changes in this price
- the significant evaluation criteria and the weighting used in tender assessment, and
- provisions for re-negotiation (where applicable).

### **3.8 Consultancy Contract**

The successful tenderer will be obliged to enter into a contract with the Tribunal prior to commencing the Audit. The Tribunal's consultancy contract covers issues including, but not limited to:

- consultancy information and documentation
- ownership of intellectual property
- conflicts of interest
- confidentiality
- insurance.

The Tribunal reserves the right to modify contract terms for the final contract as it considers appropriate. A copy of the Tribunal's draft contract is available on request.

## **4 PARTIES TO THE AUDIT**

The party managing and commissioning the Audit is the Independent Pricing and Regulatory Tribunal of New South Wales. The primary contact at the Tribunal is:

Mr Michael Sedwell

tel: 61-2-9290-8487

e-mail: michael\_sedwell@ipart.nsw.gov.au

## 5 LODGEMENT OF TENDER

Three bound copies and 1 loose-leaf copy of the tender should be lodged in a sealed envelope marked **2001/02 Sydney Water Operational Audit**  
addressed to: Ms Meryl McCracken

General Manager, Support Services  
Independent Pricing and Regulatory Tribunal of NSW

at PO Box Q290  
QVB POST OFFICE NSW 1230

or Level 2  
44 Market Street  
SYDNEY NSW 2000

The tender should be received at the Tribunal's office no later than 5.00 pm Sydney time, on Wednesday 31 July 2002.



## ATTACHMENT 1 SUMMARY OF MINISTERIAL REQUIREMENTS AND AUDIT RECOMMENDATIONS FROM THE 2000/2001 OPERATIONAL AUDIT

### Summary of Ministerial Requirements arising from the 2000/2001 Operational Audit<sup>3</sup>

Area	Requirement
Demand Management	1. <i>"In the interim, and so that I remain informed of the Corporation's progress in terms of its water conservation and demand management programs, I expect a continuation of the six monthly Demand Management Strategy Progress reports."</i>
Drinking Water Quality	2. <i>"...I require that Sydney Water include in future Annual Drinking Water Quality Monitoring Plans, submitted to NSW Health, reference to the selection and frequency of testing of the drinking water characteristics."</i>
	3. <i>"...I require Sydney Water to implement a system to track adherence by the SCA to the water quality aspects of the Bulk Water Supply Agreement by 1 September 2002."</i>
Dispute Resolution	4. <i>"...I require Sydney Water to seek from EWON annual confirmation that it continues to meet the requirements of the Operating Licence clauses relevant to its role."</i>
	5. <i>...I also require that, for future reporting to IPART, Sydney Water include information it already receives from EWON on those contracts from customers where the costs for reparations place the matters outside EWON's jurisdiction."</i>

<sup>3</sup> Letter from the Minister for Energy to the Chairman, Sydney Water, 12 April 2002.

## **ATTACHMENT 2 SYDNEY WATER'S AMENDED SYSTEM PERFORMANCE STANDARDS**

Clause 7.3 of the Operating Licence requires that the Minister for Energy nominate an independent person to review Sydney Water's System Performance Standards by 11 April 2001.

Upon direction from the Minister for Energy, the Tribunal conducted a review of Sydney Water's System Performance Standards and recommended that a number of amendments be made. The Tribunal's recommended amendments relate to:

- water pressure
- water continuity
  - unplanned interruptions
  - planned and warned interruptions, and
- sewage overflows on private land.

Following is a letter dated 22 August 2001 from the Minister for Energy to Sydney Water Corporation outlining the amended System Performance Standards which were to apply from 1 July 2001.



New South Wales

MINISTER FOR INFORMATION TECHNOLOGY,  
MINISTER FOR ENERGY, MINISTER FOR FORESTRY, AND  
MINISTER FOR WESTERN SYDNEY

DITM Ref: D11334  
MEU Ref: 01/00749

22 AUG 2001

Mrs Gabrielle Kibble  
Chairman  
Sydney Water Corporation  
115-123 Bathurst Street  
SYDNEY NSW 2000

Dear Mrs Kibble,

I am writing to you in relation to the Review of Sydney Water's System Performance Standards recently undertaken by the Independent Pricing and Regulatory Tribunal (Tribunal) in accordance with clause 7.3.1 of Sydney Water's Operating Licence.

While the Tribunal has not recommended that any new standards be introduced at this time, it has recommended that Sydney Water's existing system performance standards be tightened. In addition, the Tribunal has recommended that Sydney Water be required to report on a number of indicators of performance in various areas. Some of these indicators are to be used to provide greater insight into performance against the standards.

In making this determination I have considered the recommendations contained in the Tribunal's report and the advice of the Ministry of Energy and Utilities. In addition, my determination is based on Sydney Water having in place data collection systems that will allow data to be collected in a manner that complies with the following requirements.

#### **Amended Standards**

Schedule 4 of Sydney Water's Operating Licence contains performance standards for drinking water pressure, drinking water continuity and sewage overflows. In line with the Tribunal's recommendations, standards in these areas will remain but the associated performance targets have been tightened.

Attachment 1 to this letter is a Notice that contains the amended performance standards and associated definitions. I have published this notice in the Government Gazette, and require that the amended standards take effect from 1 July 2001.

The amended standard for drinking water pressure now includes the Designated Low Water Pressure Areas, which were previously excluded under Schedule 4 of the Operating Licence. These areas include urban areas adjacent to reservoirs in the Blue Mountains, and non-urban properties in Bayview, West Camden, Llandilo, Berkshire

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Phone (02) 9228 3688 Fax (02) 9228 3801  
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Park, Castlereagh, North Richmond, Oakville, Riverstone, Schofields and the Blue Mountains.

Accordingly, I require Sydney Water to report to me by 1 July 2002 on its program of capital works to bring the Designated Low Water Pressure Areas in urban areas up to the amended pressure standard. The program should also reflect any of Sydney Water's existing arrangements with regard to the provision of water services to these areas.

### **Future Standards**

In addition to amending the existing standards, the Tribunal also recommended that standards should be introduced for water reliability, repeat interruptions to water supply, sewage overflows to public land and repeat occurrences of sewage overflows. The Tribunal recommended that data be collected against these future standards so that performance targets can be set as part of the end of term review of the Operating Licence in 2004.

In relation to the proposed future standard on water reliability, the development of performance measures in this area is important as it relates to the long term management of Sydney's water supply. That said, I note that the long term management of Sydney's water supply is the joint responsibility of both Sydney Water and the Sydney Catchment Authority. Accordingly, I require Sydney Water to work with the Sydney Catchment Authority with a view to develop performance measures for water reliability for further consideration at the end of term review of both Operating Licences. I will write to the Minister responsible for the Sydney Catchment Authority in similar terms.

In relation to the Tribunal's recommendation that Sydney Water collect data on an indicator for distribution losses, I note that Sydney Water already reports to the Tribunal an 'unaccounted for water' statistic as part of the Demand Management Strategy Implementation Report required under clause 8.2.3 of the Operating Licence.

The Tribunal's proposed future standards for repeat water supply interruptions and repeat sewage overflows are aimed at ensuring that Sydney Water's water and wastewater systems are adequately maintained. As an operator, it is important that Sydney Water manage its systems to ensure the ongoing delivery of high quality water and wastewater services to its customers.

After the 1999 Operational Audit, I required Sydney Water to report to me on its strategic framework for asset management, which was to take into account reviews of the system performance standards. In December 2000, Sydney Water provided me with its draft Asset Management Framework.

Based on the Tribunal's findings for this review, I now require Sydney Water to incorporate the Tribunal's findings regarding repeat continuity and repeat sewage overflow events into its Asset Management Framework and to provide the Framework to the Ministry of Energy and Utilities for comment. Sydney Water is to update its Asset Management Framework by 1 January 2002 and the Ministry is to report to me on the adequacy of the Framework by 1 July 2002.

### **Performance Indicators**

As noted above, the Tribunal has also recommended the introduction of a number of performance indicators for Sydney Water to collect and report to the Tribunal. The Tribunal's report notes that the purpose of the indicators is to report on the level of service provided and to complement and provide supporting information in relation to the performance standards.

I support the use of performance indicators to provide further insight into performance against system performance standards. Accordingly, I require Sydney Water to collect and report data on those performance indicators that relate to the amended standards for drinking water pressure, drinking water continuity and sewage overflows on private land. This requirement will take effect from beginning of the current report year, being 1 July 2001. Performance indicators are to be reported to the Tribunal by 1 September each year with the first report due to the Tribunal on 1 September 2002.

There will be no requirement at this time to collect and report data on the indicators associated with the proposed future standards. The proposed indicators for repeat water supply interruptions and sewage overflow events are to be considered in Sydney Water's review of its Asset Management Framework, which is to be referred to the Ministry for Energy and Utilities for comment.

The performance indicators that I require Sydney Water to report to the Tribunal are contained in Attachment 2.

### **Sewerage and Stormwater System Indicators**

In addition to performance indicators on the amended and future standards, the Tribunal has also recommended that Sydney Water collects and reports data on a number of indicators that relate to environmental investments in sewerage and stormwater systems. In response, I note that Sydney Water is already required to report to IPART on a wide range of environmental indicators required under Part 9 of the Operating Licence. I believe that these arrangements remain appropriate.

That said, I acknowledge that assessing the effectiveness of Sydney Water's investment in sewerage and stormwater environmental investments is necessary and important. It is for this reason that I am referring these indicators to the Ministry of Energy and Utilities for further review and comment to me by 1 July 2002.

This will enable the Ministry to consider these indicators within the context of Sydney Water's Asset Management Framework and also as part of its review of the current arrangements for stormwater management in the Sydney region.

### **Customer Service Indicators**

After the 1999 Operational Audit, I required Sydney Water to develop a suite of performance measures relating to customer service and satisfaction. Further to this, I required Sydney Water to enter into negotiations with IPART regarding the adoption of these measures for audit purposes. I consider Sydney Water's involvement in this review and through discussions with the Tribunal's consultant (Halcrow Management Sciences) to satisfy my requirements to begin the negotiations with the Tribunal by the end of March this year.

While I am satisfied that negotiations between Sydney Water and the Tribunal have begun, I would like Sydney Water to commence collection of data on the customer service indicators in Attachment 3 from 1 July 2001. This data collection exercise will assist the Tribunal to determine the appropriateness and usefulness of measuring particular customer service indicators. After the first year of collection, I expect that the Tribunal will need to further refine the scope of the indicators following receipt of adequate data from Sydney Water. At that time, the Tribunal's findings on the review of the Customer Contract, which is to be finalised by 25 October 2001 can also be considered.

### **Monitoring and Recording Protocol**

In order to ensure that data provided on the standards is robust, the Tribunal has recommended the inclusion of data accuracy requirements in the definitions for the amended standards. In addition, the Tribunal has proposed that an enhanced Monitoring and Recording Protocol be developed in conjunction with Sydney Water. This protocol should not be limited to the reporting on performance standards but also cover the reporting of indicators and the means through which the Tribunal can be satisfied that the systems being used to collect the data are robust.

I require Sydney Water to finalise this Protocol in consultation with the Tribunal as soon as possible, so that data collected during the audit period commencing 1 July 2002 is covered by the new arrangements.

Yours sincerely,



**Kim Yeadon MP**  
**Minister for Information Technology**  
**Minister for Energy, Minister for Forestry**  
**Minister for Western Sydney**

## ATTACHMENT 1: NOTICE OF AMENDED PERFORMANCE STANDARDS

### A. Water pressure

#### SPS 1

##### Water pressure

The number of properties connected to Sydney Water's system that are reported as not receiving continuous water pressure at the main tap of at least 15 metres should not exceed 15,000 properties in a report year. The number of reportable properties is to include designated low pressure areas.

**Accuracy:**  $\pm 10\%$  with 95% confidence limits

#### Interpretation and Definitions (for SPS1)

- Report year means a period of 12 consecutive months commencing on 1 July of each year and ending on the next following 30 June. At the expiration of each report year a new report year commences.
- A reportable property is one where pressure falls below the relevant reporting threshold for a continuous period exceeding 15 minutes during the year as a result of inadequate system capability under normal operating conditions or as a result of operational problems that are not remedied within 4 consecutive days. All incidents of low pressure advised to Sydney Water, whether reported by customers or identified by Sydney Water's own systems are to be included as reportable.
- System capability means the ability of the water supply system, under normal operating conditions, to adequately meet all customer water demands on the system up to and including maximum hour demands.
- Maximum hour demands are system specific and are the maximum sum of all customer demands on that particular part of the water supply system occurring over a one hour period on the maximum consumption day of the year.
- Normal operating conditions exclude short-term operational problems, such as mainbreaks, which are measured by the continuity performance requirements (Clause 7.1.1 and Schedule 4 of the Operating Licence), and circumstances of abnormal demand, such as those due to fire fighting.
- A main tap is the point of connection of the customer's service to the Sydney Water main.
- Where connected properties are in multiple occupancy, each separately billed or occupied part shall be counted as one connected property.
- Connected properties currently unoccupied shall be included.
- Designated low pressure areas are those locations listed in Schedule 4 of Sydney Water's Operating Licence and include urban areas adjacent to reservoirs in the Blue Mountains and non-urban properties in Bayview, West Camden, Llandilo, Berkshire Park, Castlereagh, North Richmond, Oakville, Riverstone, Schofields and the Blue Mountains.

## **B. Water Continuity**

### **SPS 2a Unplanned interruptions**

Sydney Water must ensure that in any report year, the number of properties connected to its water supply system that are reported as affected by an unplanned shut off of water supply exceeding 5 hours does not exceed 35,000.

**Accuracy:**  $\pm 5\%$  with 95% confidence limits.

### **SPS 2b 'Planned and warned' interruptions**

Sydney Water must ensure that in any report year, the number of properties connected to its water supply system that are reported as affected by a 'planned and warned' shut off of water supply exceeding 5 hours does not exceed 32,000.

**Accuracy:**  $\pm 5\%$  with 95% confidence limits

### **Interpretation and Definitions (for SPS 2a and 2b)**

- Report year means a period of 12 consecutive months commencing on 1 July of each year and ending on the next following 30 June. At the expiration of each report year a new report year commences.
- A reportable property is one affected by a shut off of water supply exceeding 5 hours. All shut offs advised to Sydney Water, whether reported by customers or identified by Sydney Water's own systems are to be included as reportable.
- Shut off means a total loss of water supply and begins at the earliest of either when Sydney Water was notified of an interruption or when valve isolation commenced.
- A shut off ends when normal supply is restored.
- A planned shut off commences at the time specified in the notice.
- Exclude shut offs at single properties caused by meter malfunctions or difficulties in the customer's own pipework.
- Where a property experiences multiple shut offs exceeding 5 hours in a report year, it shall be counted as a reportable property in the appropriate category each time.
- Planned means notice has been given in accordance with the Customer Contract.
- Unplanned means that notice has not been given in accordance with the Customer Contract and includes events caused by third party damage and power failure.
- The number of reportable properties from an incident shall be estimated by counting each property from the best available database taking account of pressure data where relevant.
- Where connected properties are in multiple occupancy, each separately billed or occupied part shall be counted as one connected property.
- Connected properties currently unoccupied shall be included.



### **C. Sewage Overflows**

#### **SPS 3: Sewage overflows on private land**

Sydney Water must ensure that in any report year, the number of private properties reported as affected by dry weather uncontrolled sewage overflow incidents does not exceed 25,000.

**Accuracy:**  $\pm 5\%$  with 95% confidence limits.

#### **Interpretation and Definitions (for SPS 3)**

- Report year means a period of 12 consecutive months commencing on 1 July of each year and ending on the next following 30 June. At the expiration of each report year a new report year commences.
- Uncontrolled sewage overflow means an overflow from any part of the reticulation system that is not a directed sewage overflow.
- Directed sewage overflow means an overflow from a directed overflow structure.
- Only dry weather uncontrolled sewage overflows that are notified to Sydney Water, identified by its employees or Sydney Water's own systems are to be included.
- Uncontrolled sewage overflows during wet weather are excluded.
- Directed overflow structure means a designed structure (excluding access chambers) in the reticulation system which operates as a relief to allow sewage to discharge at a planned location or a sewage pumping station, but does not include a bypass from a sewage treatment plant.
- All directed sewage overflows are excluded.
- Where connected properties are in multiple occupancy, each separately billed or occupied part shall be counted as one connected property.
- Private property means all property privately owned or used for private purposes
- Private property currently unoccupied shall be included.
- Dry weather uncontrolled sewage overflows to private land shall be reported regardless of whether they affect public land as well.
- Where a private property is affected by more than one dry weather uncontrolled sewage overflow in a report year, the property shall be counted each time it is affected.

**ATTACHMENT 2: REQUIRED PERFORMANCE INDICATORS****A. Water pressure**

<b>Indicator</b>	<b>Guidance</b>
Number of properties that do not receive continuous water pressure at the main tap of at least 15 metres as a result of abnormal operations	Include any property affected by operational problems for any duration of greater than 4 days.  Exclude properties affected by system capability problems
Number of properties where pressure of less than 15 metres head at the main tap occurs more than once during the report year	Include any property affected for a period exceeding 15 minutes per 1 calendar day as a result of system capability deficiencies or affected for a period exceeding 4 days as a result of abnormal operations.  Include properties in Designated Low Pressure Areas

**B. Water Continuity**

<b>Other Indicators</b>	<b>Guidance</b>
<p>1. Number of properties affected by shut-offs in a report year that are:</p> <ul style="list-style-type: none"> <li>• &gt;1 hour but ≤ 5 hours</li> <li>• &gt;5 hours but ≤ 12 hours</li> <li>• &gt;12 hours but ≤ 24 hours</li> <li>• &gt;24 hours</li> </ul>	<p>The definitions for SPS 2(a) and 2(b) apply where appropriate</p>
<p>2. Number of events in a report year by type of interruption:</p> <ul style="list-style-type: none"> <li>• Planned and warned</li> <li>• Unplanned</li> <li>• Third party damage</li> <li>• Power failure</li> </ul>	<p>Include all planned and unplanned interruptions of any duration exceeding 1 hour</p> <p>Notice given in accordance with the Customer Contract</p> <p>All events where notice has not been given in accordance with the Customer Contract</p> <p>Includes events caused by third party damage and power failure</p> <p>Third party damage means physical damage caused directly or indirectly by someone other than Sydney Water, its agents or contractors</p> <p>Events caused by loss of main power supply</p>

### C. Sewage Overflows

Other Indicators	Guidance
<p>1. Number of dry weather uncontrolled sewage overflow events in a report year resulting from:</p> <ul style="list-style-type: none"> <li>• Chokes</li> <li>• Third party damage</li> <li>• Hydraulic overload</li> </ul>	<p>The definitions for SPS 3 apply as appropriate</p> <p>Including but not limited to blockages and collapses Third party damage means physical damage caused directly or indirectly by someone other than Sydney Water, its agents or contractors</p> <p>Total less third party damage and</p>
<p>2. Response to priority 6 sewer incidents by time band in a report year:</p> <p>≤1 hour &gt;1 hour</p>	<p>Priority 6 sewer incidents require a response within one hour and meet one or more of the following criteria:</p> <ul style="list-style-type: none"> <li>• Danger to environment</li> <li>• Danger to health</li> <li>• Danger to people</li> <li>• Causing damage to property/properties</li> </ul>
<p>3. Response to priority 5 sewer incidents by time band in a report year:</p> <p>≤3 hours &gt;3 hours</p>	<p>Priority 5 sewer incidents require a response within 3 hours and meet one or more of the following criteria:</p> <ul style="list-style-type: none"> <li>• No service available to one customer</li> <li>• Risk to environment</li> <li>• Risk to health</li> <li>• Risk to people</li> <li>• Threat to property/properties</li> </ul>

## ATTACHMENT 3: REQUIRED CUSTOMER SERVICE INDICATORS

### D1.1 Complaints

**Indicator:** Time to provide a substantive response to customer complaints:

% within 2 days

% within 5 days

% within 10 days

#### Definition of a complaint

- A complaint is any communication received from a consumer or representative of a consumer which expresses dissatisfaction with a product, service or disservice of Sydney Water or its representative that relates to its obligations as set out in the *Sydney Water Act 1994* or its Operating Licence.
- Sydney Water is not required to make judgements on whether the complaint is justified
- A communication can be in any medium including face to face, telephone, letter, fax or electronic mail
- Dissatisfaction includes any element of dissatisfaction, whether mildly termed or in Sydney Water's opinion unjustified
- A complaint received from a customer representative, such as a solicitor, local MP or Energy and Water Ombudsman NSW should be included as a complaint
- Sydney Water's representative includes its own employees and any one employed by another body working on behalf of Sydney Water, for example a contractor
- Where a further communication from the customer or his representative is received actively chasing the complaint, this shall be logged as a separate complaint, although one providing or requesting further information is not to be recorded as a complaint
- A letter or telephone call advising of a problem (eg burst main) does not necessarily constitute a complaint unless it expresses dissatisfaction with the business.

### **Definition of a substantive response**

A substantive response is one that addresses the issues raised by the customer and:

- resolves them to the customer's satisfaction, or provides explanation of the relevant policy and explains why no further action is required; or
- provides a date when the issue will be resolved if the complaint is relating to future planned operational or capital works

A part response is not a substantive response. (For example, it may be provided to advise the customer that further investigation is required before it is able to provide a substantive response.) The response time should be reported from when the proposed action has been completed, except where the response relates to future planned operational or capital works.

### **General requirements**

- response times should be calculated using working days where date of receipt is day 0 and weekends and public holidays are not included. A part response should not be recorded as a response
- where Sydney Water responds to a written complaint by telephone call or visit then the date of the telephone call or visit must be recorded as the date of response.

Sydney Water may exclude complaints that are;

- anonymous
- not about its core activities as expressed in the operating licence or the *Sydney Water Act 1994*
- sent in response to or alongside invitations for feedback from Sydney Water, eg in response to customer surveys.

## D1.2 Telephone calls to a primary contact number

**Indicator:** Percentage of calls received by a permanent primary advertised number that are answered:

Within 15 seconds

Within 30 seconds

### Definitions

- a primary permanent advertised number is one which Sydney Water advertises to its customer base for use in contacting Sydney Water
- only includes telephone calls received during the advertised hours for the relevant permanent primary advertised number
- calls to an automated bill payment telephone number are excluded

### Calls answered and response times:

- a call is received once the caller hears the first ring tone
- a call is answered once an agent answers the call
- an agent is a person engaged by Sydney Water to answer telephone calls to one of the principal primary advertised numbers
- for avoidance of doubt, an agent does not include any pre-recorded or voice synthesiser message
- response times should be calculated from when the caller hears the first ring tone to the point the caller speaks to an agent.

### General requirements

Where Sydney Water uses alternative methods of answering a call the following points should be considered as times when the call is considered answered by Sydney Water and response times should be calculated accordingly;

- Interactive Voice Response units and touch tone telephone – from the time of the first ring tone to the point the customer speaks to an agent
- Answer phone messages – from the time of the first ring tone up to the point the message has completed its run, and asks customer to leave their details
- recorded message - where a recorded message is used to advise customers of a particular incident, the response time is to be considered from the point the customer hears the first ring (or the message begins, whichever is first) to the point the message has run for at least 20 seconds or has completed, whichever is first.

Sydney Water may exclude calls that are;

- not made from the primary customer base, such as suppliers of Sydney Water, Sydney Water contractors etc, using the primary contact numbers
- to a temporary contact point, for example one specifically set up to deal with flooding incidents.

### **D1.3 Metered accounts where meter not read**

**Indicator:** Percentage of metered accounts receiving a bill not based on:

An actual meter read during the report year

A business meter read for two consecutive report years

#### **Definitions**

- a metered account refers to any account which is billed based on volume
- if a property has multiple meters and each metered account receives a separate bill based on a meter read, these should be reported as separate metered accounts for the purposes of this indicator
- if a property has multiple meters and a single account is issued due to common ownership, the meters will be treated as separate metered accounts for the purposes of this indicator
- a customer meter read is one which is provided by the customer to Sydney Water
- a business meter read is one taken by Sydney Water or its contractor
- an actual meter read is one taken by Sydney Water or its contractor or the customer (i.e. includes both a customer meter read and a business meter read)



## D1.4 Account contacts

**Indicator:** Time to provide a substantive response to account contacts by time band:

- % less than one day
- % less than five days
- % less than ten days

### Definition of an account contact

An account contact is defined as

- any communication received from the customer that relates to any aspect of the billing or payment process, and requires a response or action from Sydney Water
- a communication can be in any medium, whether face to face, telephone, written, fax or electronic mail.
- calls to an automated bill payment telephone number are excluded

### Definition of a substantive response

A substantive response is considered one that does the following:

- addresses the issues raised by the customer and resolves them to the customer's satisfaction, or provides explanation of the relevant policy, and explains why in its opinion no further action is required
- if the issue cannot be addressed immediately due to circumstances beyond the control of Sydney Water, the response must provide a clear strategy of action and/or identify when the action will be undertaken
- a part response is not a substantive response. (For example, it may be provided to advise the customer further investigation is required before it is able to provide a substantive response.)

### General requirements

- where a further communication from the customer or his representative is received actively chasing the account contact, this shall be logged as a separate contact
- response times should be calculated using business days where date of receipt is day 0 and weekends and public holidays are not included. A part response should not be recorded as a response
- where Sydney Water provides a substantive response to an account contact by telephone call or visit then the date of the telephone call or visit must be recorded as the date of response.

**D1.5 Other indicators**

<b>Customer contacts</b>	<b>Guidance</b>
1. Calls made to one of the permanent advertised contact numbers where callers received a busy tone	Record the total number of calls made where callers to one of the principal contact numbers received a busy tone. This figure should be recorded separately for each of the permanent advertised principal customer contact numbers. For example, it must record the number of calls made to the general customer services number that received a busy tone even if lines for payment of bills are available.
2. Total number of calls abandoned	Calls received where the customer hangs up before the agent answers the call, or before the call is considered answered where there is an automatic system.

<b>Disconnections</b>	
3. Total number of disconnections for non payment	A disconnection is defined as the point where the customer's water supply is completely cut by Sydney Water due to the non-payment of a bill.
4. Total number of flow restrictions for non payment	A flow restriction is defined as Sydney Water's direct intervention in the supply system in order to reduce flow to a customer's property in response to the non payment of a bill.
5. Total number of debt recovery actions	The total number of debt recovery actions that are initiated by Sydney Water
6. Number and value of payment assistance vouchers utilised	Total number and value of payment assistance vouchers utilised in report year

## Summary of Ministerial Requirements arising from the Review of System Performance Standards<sup>4</sup>

Area	Requirement
System Performance Standards	6. <i>“...I require Sydney Water to report to me by 1 July 2002 on its program of capital works to bring the Designated Low Water Pressure Areas in urban areas up to the amended pressure standard. The program should also reflect any of Sydney Water’s existing arrangements with regard to the provision of water services to these areas.”</i>
	7. <i>“...I require Sydney Water to work with the Sydney Catchment Authority with a view to develop performance measures for water reliability for further consideration at the end of term review of both Operating licences.”</i>
	8. <i>“...I now require Sydney Water to incorporate the Tribunal’s findings regarding repeat continuity and repeat sewage overflow events into its Asset Management Framework and to provide the Framework to the Minister of Energy and Utilities for comment.”</i>
	9. <i>“Sydney Water is to update its Asset Management Framework by 1 January 2002”</i>
Performance Indicators	10. <i>“I support the use of performance indicators to provide further insight into performance against system performance standards. Accordingly, I require Sydney Water to collect and report data on those performance indicators that relate to the amended standards for drinking water pressure, drinking water continuity and sewerage overflows on private land.”</i>
	11. <i>“Performance indicators are to be reported to the Tribunal by 1 September each year with the first report due to the Tribunal on 1 September 2002.”</i>
Customer Service	12. <i>“While I am satisfied that negotiations between Sydney Water and the Tribunal have begun, I would like Sydney Water to commence collection of data on the customer service indicators in Attachment 3 from 1 July 2001.”</i>
Monitoring and Reporting Protocol	13. <i>“I require Sydney Water to finalise this Protocol in consultation with the Tribunal as soon as possible, so that data collected during the audit period commencing 1 July 2002 is covered by the new arrangements”</i>

<sup>4</sup> Letter from the Minister for Energy to the Chairman, Sydney Water, 22 Aug 2001.