

Enforcement Action Notice 11/2023

3 July 2023

Enforcement notice issued to Sydney Water

IPART has taken action against Sydney Water for contravening clause 5.5.2 of the Sydney Water operating licence.

Sydney Water breached this clause by failing to fully implement its asset management system (AMS). Specifically, Sydney Water did not deal with identified maintenance issues for major assets in a timely and effective manner and therefore its actions were not consistent with the requirements of its AMS.

Enforcement action

IPART imposed the direction to complete works on Sydney Water under section 19A of the *Sydney Water Act 1994* (NSW) (Act) for contravention of the Sydney Water operating licence. Sydney Water submitted a list of actions and reporting dates on 17 May 2023. IPART issued a direction to Sydney Water based on the proposed works on 31 May 2023.

Contravention

The action relates to Sydney Water's failure to fully implement its AMS, as required by operating licence clause 5.5.2.

The auditor, in its audit report for the compliance year 2021-22, noted that deficiencies were identified at 3 randomly selected sites that may have indicated systemic issues affecting Sydney Water's ability to maintain its assets particularly affecting large-scale rectification works. Similar issues were identified in the previous year's audit. These observations are also reinforced by submissions from NSW Health, which raised concerns regarding Sydney Water's process for prioritising and addressing outstanding issues with its assets.

We consider these issues are reflective of repeated deficiencies in the implementation of the AMS, and therefore found Sydney Water to be non-compliant with this obligation.

IPART considered that a direction to undertake a program of works specifically focused on identified shortcomings in the implementation of Sydney Water's AMS was an appropriate action to achieve our regulatory objectives. We consider this program of works will enable Sydney Water to achieve compliance with its regulatory and public health objectives.

Sydney Water has provided IPART with actions taken to date to address identified non-compliances, and a program of works (the Service Excellence Roadmap) over the next 2 years to upgrade its AMS. IPART acknowledges that Sydney Water has taken significant steps to address the contravention and related issues. These will be tested at a future audit.

Compliance and enforcement

IPART administers the Sydney Water operating licence under the Act. We monitor compliance with obligations to protect public health, consumers and the environment. For public water utilities such as Sydney Water, IPART undertakes annual audits to monitor compliance with licence conditions.

Monetary penalties and orders requiring specified remedial action are amongst the tools IPART can use to enforce compliance. Further information about IPART's approach to compliance and regulation can be found in the [IPART Compliance and Enforcement Policy](#).