

The 1998 Sydney Water Crisis: TEACHING NOTE

Summary

In July 1998, low levels of potentially lethal contaminants *Cryptosporidium* and *Giardia* were found in a filtration plant and reservoir, supplying water to the residents of Sydney, New South Wales (NSW). For the next two months, a series of contamination incidents occurred, as politicians and officials struggled to locate the source of contamination and ensure Sydney's water was safe to drink. This was not just a matter of NSW "delivering" on a vital public health issue, but also showing to the international community that it was doing so, given that Sydney was preparing to host the Olympic Games in 2000. This case focuses on two difficult decisions which key decision makers had to take in the course of a crisis where the scientific knowledge of the two contaminants contained many uncertainties, and the management of the crisis was hampered by conflict between the state-owned Sydney Water Corporation and the NSW Department of Health.

Themes

The principal theme of this case study is crisis management. It illustrated to us a number of issues which are typical of many crisis situations where threats are high, information is weak, and time is at a premium. Students will confront issues which include:

- knowing whether or not the situation faced is a "crisis"
- the crisis response becoming bogged down by conflicts between different departments/agencies
- what constitutes an acceptable level of public "risk", and
- the specific decisions which need to be taken by a central authority to not only deal with the threats faced, but also to deal with earlier weaknesses in the crisis response.

A number of other themes which are common to both crisis and non-crisis situations are also contained in the case study. These include:

- Accountability tensions between ministers and public sector agencies

This teaching note was written by Dr Allan McConnell, University of Sydney, to provide ideas and suggestions to teachers in using the case 'The 1998 Sydney Water Crisis', 2005-22.1 and 22.2. The use of case sequels and teaching notes is restricted to authorised persons.

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Potential conflicts between corporate public bodies producing dividends for government and the wider “public interest”

- The relationship between “science” (which is often uncertain and needs to be highly qualified) and public policy statements (which often require certainty and public reassurance).

Teaching strategy

Group work should be employed for this case study. In medium size classes of 30-50, groups of six to seven are optimum. If the groups are any larger, it will be too easy for some individuals to get ‘lost’. In very small classes of 10-15, it is possible for the group size to be three to five.

There are two main parts to this case (A and B), followed by an Epilogue. The entire case study can be undertaken within a two-hour session. It may be possible (but not necessary) to distribute Part A and the Exhibits beforehand. Part B and the Epilogue should be left until the class situation, because they reveal information which is liable to distort initial discussions. The end of each section concludes with a question:

Part A question is: what, if anything, should Pollett divulge at tomorrow’s meeting with the Minister?

The context to this question is that the Managing Director of Sydney Water, Chris Pollett, is about to attend a regular monthly meeting with the Minister for Urban Affairs and Planning, Craig Knowles, to whom he is accountable. He knows that there are high contamination readings, but he does not yet know the cause, how accurate the figures are, or how widespread the contamination is. Therefore, he has to decide what (if anything) to divulge at the meeting. Students are likely to discuss issues of accountability to ministers, and the dilemma faced by many decision makers (sometimes but not exclusively confined to crisis situations) who need to weigh up the pros and cons of divulging what information they know (even if that information raises more questions than answers).

This is the more straightforward of the two parts of the case study. It should take students about 20 minutes to read, 10 minutes to discuss in groups, and about 15 minutes for plenary feedback and discussion from three or four groups. Two useful and related themes that may emerge from the discussions are (a) does the situation warrant the “crisis” label? and (b) should short-term openness be sacrificed in the interests (possibly) of long term effective crisis management? As Part B will later show, Pollett chose not to divulge the information to his Minister and was criticised for this in the subsequent McClellan Inquiry.

Part B question is: what strategy should Knowles put in place to deal with the escalating crisis?

The context here is that Minister Knowles is faced with a government department (NSW Health) and a statutory authority (Sydney Water) at loggerheads. Meanwhile, a water contamination that was earlier thought to have been contained, is now threatening to spread to the bulk of the Sydney population. In group discussions students should be able to produce the main components of a ministerial strategy in terms of how to investigate the source of the “problem”; how to improve inter-agency co-ordination and relations in the ongoing management of the crisis; what to tell the

public; whether to issue boil-water alerts if contamination levels remain high; and how to ensure that there are no further, significant contamination events. Students are liable to produce detailed suggestions which cover these issues and more. Some of the themes that can be brought out in the subsequent discussions are (a) should public health issues be the responsibility of one organisation or many? (b) should increased risks to some members of society (through the issuing of boil-water alerts) be tolerated for the sake of minimising health risk (from *Cryptosporidium* and *Giardia*) to the wider society (c) are corporate bodies able to act in the public interest when a core aspect of their mandate is to pay dividends to government? (d) is inter-departmental/agency conflict an inevitable feature of crisis situations? and (e) is a centralised response to crisis, in danger of excluding vital stakeholders from that crisis response?

This section should take about 25 minutes to read, 25 minutes for groups to discuss, and about 30 minutes for plenary feedback and discussion. A useful approach would be to ask two different groups to outline the main components of their strategy, and then for other groups to step in add points, criticise and so on.

The Epilogue can be distributed at the end for students to read in their own time, although the lecturer should quickly summarise what actually happened, and make very brief links back to the discussion.

Feedback on this case would be most welcome. Please send any comments and/or suggestions to Marinella Padula m.padula@anzsog.edu.au and Allan McConnell a.mcconnell@econ.usyd.edu.au.