



**AUDIT REPORT:**

**Audit of the Water Sharing Plan for the NSW Murray Darling Basin  
Porous Rock Groundwater Sources 2011**

October 2019



**Planning,  
Industry &  
Environment**

VISTA ADVISORY

### **Our independence and quality control**

In undertaking this assurance engagement, we have complied with the independence and other relevant ethical requirements relating to assurance engagements and applied Auditing Standard ASQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements. Our work was carried out by an independent and multi-disciplinary team with experience in water resource management and assurance. In this regard, we note that the Department of Planning, Industry and Environment (Legal and Governance) sought an audit team with subject matter experience and capability.

We performed a limited assurance engagement in accordance with Australian Standard on Assurance Engagements ASAE 3000 'Assurance Engagements other than Audits and Reviews of Historical Financial Information' and ASAE 3100 'Compliance Engagements'. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

### **Inherent limitations**

A limited assurance engagement is not designed to detect all weaknesses in control procedures or all instances of non-compliance, as audit procedures were not performed continuously over a period of time and the tests performed are on a sample basis only. Any matters raised are only those that came to our attention during the course of performing our procedures and are not necessarily a comprehensive statement of all the weaknesses that exist or improvements that might be made. Accordingly, management should not rely on our report to identify all weaknesses that may exist in the systems and procedures under examination, or potential instances of non-compliance that may exist.

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# Contents

<b>1</b>	<b>Executive Summary</b>	<b>5</b>
	Recommendations	7
<b>2</b>	<b>Introduction</b>	<b>10</b>
	Background	10
	Audit objective	11
	Scope	11
	Audited agencies	12
	Audit methodology	12
<b>3</b>	<b>Audit findings</b>	<b>15</b>
	Criterion: There are arrangements to give effect to WSP Provisions	15
	Criterion: Part 2 Vision, objectives, strategies and performance indicators	20
	Criterion: Part 3 Bulk access regime and Part 4 Planned environmental water provisions	22
	Criterion: Part 5 Requirements for water	22
	Criterion: Part 6 Limits to the availability of water	23
	Criterion: Part 7 Rules for granting access licences	24
	Criterion: Part 8 Rules for managing access licences	25
	Criterion: Part 9 Rules for water supply works approvals	27
	Criterion: Part 10 Access licence dealing rules	27
	Criterion: Part 11 Mandatory conditions	28
	Criterion: Part 12 Amendment of this Plan	34
	<b>Appendix 1 Audit Criteria, method of testing and evidence sources</b>	<b>36</b>
	<b>Appendix 2 Likelihood Assessment Rating Criteria</b>	<b>43</b>
	<b>Appendix 3 Responses from auditee agencies to draft audit report</b>	<b>44</b>
<b>Tables</b>		
	Table 1. Roles of water management agencies in NSW	16
	Table 2. Review of procedures to operationalise WSPs by agency functions	18
	Table 3. Likelihood criteria	43

## Abbreviations

ABN	Alleged Breach Notification
the Act	<i>Water Management Act 2000</i> (NSW)
ASAE	Australian Standard on Assurance Engagements
AWD	Available water determination
BLR	Basic Landholder Rights
CAIRO	Computer Aided Improved River Operation
CFO	Customer Field Officer
CIRaM	Compliance Investigation Reporting and Management (database tool)
cl.	Clause (of a WSP)
Dol - Water	(former) Department of Industry - Water
DPI - Water	(former) Department of Primary Industries - Water
DPIE – Biodiversity and Conservation	Department of Planning, Industry and Environment – Biodiversity and Conservation division
DPIE – Legal and Governance	Department of Planning, Industry and Environment – Legal and Governance division
DPIE - Water	Department of Planning, Industry and Environment – Water division
EMU	Extraction Management Unit
iWAS	Internet Water Accounting System
LTAEL	Long-term average annual extraction limit
MER	Monitoring, Evaluation and Reporting
NA	Not applicable
NRAR	Natural Resources Access Regulator
OEH	(former) Office of Environment and Heritage
QA/QC	Quality assurance and/ quality control
QMS	Quality management system
s.	Section (of an Act)
WAL	Water access licence
WAS	Water Accounting System
WaterNSW	Water New South Wales
WLS	Water Licensing System
WREAP	Water Regulation Education and Audit Project
WRP	Water resource plan
WSP	Water sharing plan

# 1 Executive Summary

## Background

Water sharing plans (WSPs) are statutory instruments made under the NSW *Water Management Act 2000* (the Act). The WSP for the NSW Murray Darling Basin Porous Rock Groundwater Sources 2011 commenced on 16 January 2012.

Section 44 of the Act (s.44) states that the Minister is to ensure that a management plan (WSP) is audited within the first five years of the plan, for the purpose of ascertaining whether its provisions are being given effect to. At the time this audit commenced, in October 2018, the Act specified that the audit was to be carried out by an audit panel appointed by the Minister. The Act has since been amended, so that future s.44 audits are to be carried out by the Natural Resources Commission. However, under Schedule 9 of the Act this audit was able to be completed under the audit panel appointed by the Minister.<sup>1</sup>

## Audit Approach

The audit objective was to examine selected provisions of the WSP for the NSW Murray Darling Basin Porous Rock Groundwater Sources 2011 to determine whether the provisions are being given effect to.

In order to form an opinion against the audit objective, the audit team developed audit criteria, based on the selected provisions, supported by lines of inquiry, to evaluate whether the WSP provisions have been given effect to form a basis for the audit finding.

Recommendations have been made only where the audit team found that the clauses were not given effect to. The recommendations are accompanied by an assessment to communicate the likelihood of the objectives of the WSP not being met. The consequence of the objectives of the WSP not being met may depend on different administrative, regulatory, economic, social and environmental circumstances relevant to each WSP and is not included as part of this assessment. The likelihood assessment is based on the professional judgement of the audit team. The likelihood assessment ratings used are found in **Appendix 2**.

The audit has *not*:

- considered all provisions in the WSP but has based its auditing on selected priority provisions
- audited the compliance of holders of water access licences (WALs), water supply work approvals or other regulatory instruments issued under the Act
- ascertained whether the WSP is compliant with legislation
- ascertained whether the WSP is operationally efficient or effective or appropriate in achieving the vision, objectives, strategies or performance indicators
- considered amended plans newly gazetted that are not yet in force
- recommended solutions where provisions were not given effect to.

## Methodology

The audit was conducted as a limited assurance engagement<sup>2</sup> in accordance with the Australian Standards on Assurance Engagements 3000 and 3100.<sup>3</sup> The audit team reviewed available documentation that was materially relevant to WSP operationalisation and implementation, and interviewed staff involved in WSP operations.

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<sup>1</sup> See the Water Management Act 2000, Schedule 9, Part 11, cl. 101

<sup>2</sup> The level of assurance in a limited assurance engagement is lower than in a reasonable assurance engagement, the procedures are narrower in scope and the level of evidence required is less.

<sup>3</sup> Australian Standards on Assurance Engagements, 3000 *Assurance Engagements other than Audits or Reviews of Historical Financial Information* and ASAE 3100 *Compliance Assurance Engagements*. The ASAEs set out mandatory requirements on ethical practice, audit planning, conduct, quality control and reporting.

The audit team used a risk-based approach to inform the set of provisions to be audited and the nature, timing and extent of evidence gathering procedures. Broadly the WSP provisions have been selected based on materiality and impact to ensure the focus is on areas of possible poor performance and high impact.

Some WSP Parts (and provisions) were not part of the audit criteria as they were either immaterial, assigned a low risk rating, or were captured through other provisions in the WSP.

We thank the audited agencies for their cooperation and assistance during the audit.

### **Audit conclusion**

Sufficient and appropriate evidence was obtained to conclude against the audit objective and criteria, consistent with a limited assurance engagement.

Based on the audit work performed, and evidence obtained, the audit team found that during the audit period the following provisions of the WSP for the NSW Murray Darling Basin Porous Rock Groundwater Sources 2011 were **not being given effect to**:

- **Part 2 Vision, objectives, strategies and performance indicators**, cl. 11 Performance indicators used to measure the success of the WSP strategies to reach the objectives of the WSP.

Based on the audit work performed and evidence obtained the audit team found that during the audit period the following provisions of the WSP for the NSW Murray Darling Basin Porous Rock Groundwater Sources 2011 were **only partially given effect to**:

- **Part 11 Mandatory conditions**, cl. 50 General, cl. 51 General and cl. 52 General (delay in notification of mandatory conditions and lack of oversight of compliance with mandatory conditions on WALs and water supply work approvals).<sup>4</sup>

The audit team **did** find evidence of procedures, systems and processes that give effect to the following parts of the WSP for the NSW Murray Darling Basin Porous Rock Groundwater Sources 2011:

- **Part 5 Requirements for water**, all clauses
- **Part 6 Limits to the availability of water**, all clauses
- **Part 7 Rules for granting access licences**, all clauses
- **Part 8 Rules for managing access licences**, all clauses
- **Part 9 Rules for water supply work approvals**, all clauses
- **Part 10 Access licence dealing rules**, all clauses
- **Part 12 Amendment of this Plan**, all clauses.

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<sup>4</sup> Cl. 6 establishes that the rules specified in the WSP are given effect by the mandatory conditions for access licences and approvals contained in Part 11 of the WSP. The audit team has determined that oversight of compliance with mandatory conditions is therefore an essential component of giving effect to the WSP.

### Acknowledgement of current action to address audit findings and recommendations

This audit report focuses on the audit period from WSP commencement to 31 December 2018. An important context for the giving effect to WSPs is the initiation of significant reform action commenced in December 2017, with the NSW Government *Water Reform Action Plan*.<sup>5</sup> This included the establishment of the Natural Resources Access Regulator (NRAR), roll out of improved metering, development of Water Resource Plans to implement the Murray-Darling Basin Plan and development of Monitoring Evaluation and Reporting arrangements, including for WSP performance indicators. Development of plans, actions, organisational arrangements and improved resourcing were at various stages at the close of the audit period and at the time of writing this audit report in 2019.

The findings of the audit report are based on the evidence available to the audit team of whether WSP clauses were given effect during the audit period from WSP commencement to 31 December 2018. The audit report provides recommendations for improvement, to assist the NSW Government's commitment to improving transparency on the management of water and give the Minister confidence that audit outcomes contribute to the line of evidence in the adaptive improvement of future WSPs.<sup>6</sup>

### Recommendations

The audit team considered the audited agencies' responses to the following recommendations (in draft) during the audit. The full responses of each auditee agency to draft audit reports are provided in **Appendix 3**.

#### Recommendation 1

**Finding:** The audit team found that Part 2 (cl. 11), and Part 11 (cl. 50, cl. 51 and cl. 52) of the WSP for the NSW Murray Darling Basin Porous Rock Groundwater Sources 2011 were not being given effect in full.

**Recommendation:** NSW Government to document all roles and procedures so that the provisions of the WSP are fully and consistently operationalised, implemented and there is accountability.

**Likelihood assessment:**

If the clauses are not being given effect to, then in the opinion of the audit team, the likelihood of the WSP objective not being met is **medium**, due in part to a lack of clear documentation of roles and procedures.

  
Very low

  
Low

  
Medium

  
High

  
Very high

Refer to Criterion: There are arrangements to give effect to WSP Provisions

<sup>5</sup> NSW Government, *Securing Our Water: NSW Government Water Reform Action Plan*, December 2017.  
[https://www.industry.nsw.gov.au/\\_\\_data/assets/pdf\\_file/0016/136204/nsw-government-water-reform-action-plan.pdf](https://www.industry.nsw.gov.au/__data/assets/pdf_file/0016/136204/nsw-government-water-reform-action-plan.pdf)

<sup>6</sup> NSW Government Department of Industry Section 44 Water Sharing Plans Audit Engagement Plan 6 November 2018

### Recommendation 2

**Finding:** The audit team found that Part 2 cl. 11 of the WSP for the NSW Murray Darling Basin Porous Rock Groundwater Sources 2011 was not being given effect to throughout the audit period.

**Recommendation:** DPIE Water to give effect to Part 2 cl. 11 performance indicators.

**Likelihood assessment:**

If the clause is not being given effect to, then in the opinion of the audit team, the likelihood of not meeting the intended objectives of the WSP is **medium** as water managers and users have limited knowledge on whether the objectives are being met and what, if any, adaptive management is required to achieve the objectives.



Refer to Criterion: Part 2 Vision, objectives, strategies and performance indicators

### Recommendation 3

**Finding:** The audit team found that Part 11 cl. 50, cl. 51 and cl. 52 of the WSP for the NSW Murray Darling Basin Porous Rock Groundwater Sources 2011 were not being given effect from the date of the WSP having effect on 1 July 2012 until January 2013. Written notice of the mandatory conditions that apply to WALs and water supply work approvals was not sent to holders until the WSP had been in effect for approximately 6 months. During the period of delay, regulatory arrangements remained in force under the Water Act 1912 and/or savings and transitional provisions of the Water Management Act 2000.

**Recommendation:** DPIE - Water to ensure that there is timely notification of mandatory conditions so they can be given effect to.

**Likelihood assessment:**

If the clauses are not being given effect to, then in the opinion of the audit team, the likelihood of not meeting the intended objectives of the WSP is **high**. Without the written notice of mandatory conditions to WAL holders over the 6 month-period, the access rules and other WSP clauses that require mandatory conditions may not be given effect.



Refer to Criterion: Part 11 Mandatory conditions



#### Recommendation 4

**Finding:** The audit team found inadequate evidence that Part 11 of the WSP for the NSW Murray Darling Basin Porous Rock Groundwater Sources 2011 was being given effect to in full due to a lack of oversight (during the audit period) of compliance with the mandatory conditions that apply to WALs and water supply work approvals. At the time of the audit, NRAR had not established a proactive compliance auditing plan or strategy.

**Recommendation:** NRAR to give effect to Part 11 cl. 50, cl. 51 and cl. 52 of the WSP to ensure there is oversight of compliance with the mandatory conditions that give effect to the WSP.

**Likelihood assessment:**

If the clauses are not being given effect to, then in the opinion of the audit team, the likelihood of not meeting the intended objectives of the WSP is **high**. Without information about rates of noncompliance water managers and water users lack information as to whether the plan objectives have been met.



Refer to Criterion: Part 11 Mandatory conditions

## 2 Introduction

### Background

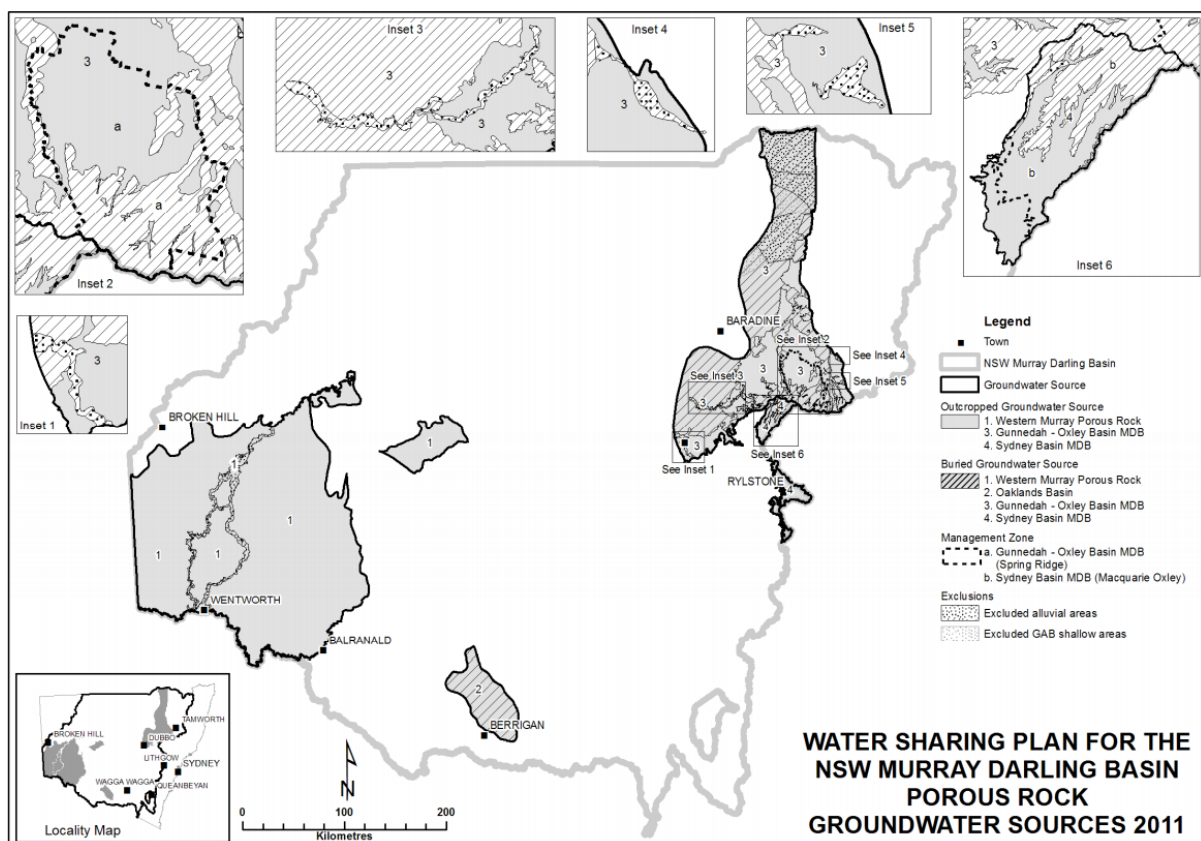
Water sharing plans (WSPs) set rules for sharing water between water users and the environment managed under the *Water Management Act 2000* (the Act).

NSW WSPs have effect for 10 years from 1 July, following their commencement date. Amendments to WSPs are made throughout their life to ensure they comply with changing legislation and to facilitate implementation. However, changes to water allocations may trigger compensation provisions, unless these are provided for in Part 12 of the WSP (Amendment of this Plan). Compensation may also be payable in other circumstances.

Under the Act, a WSP must be consistent with the water management principles. The principles provide that the sharing of water from a water source must protect the water source and its dependent ecosystems and protect the basic rights of landholders to extract water. Water sharing plans provide the legal basis for sharing water between the environment and consumptive purposes.

Among licensed water users, access to town water supplies and stock and domestic water is given priority over extractions for commercial purposes such as irrigation and other industries.

The Water Sharing Plan for the NSW Murray Darling Basin Porous Rock Groundwater Sources 2011 (WSP for the NSW Murray Darling Basin Porous Rock Groundwater Sources 2011) (Figure 1) applies to four groundwater sources, two of which are divided into two management zones, as set out in cl. 4 and cl. 5 of the WSP.<sup>7</sup>



**Figure 1.** Plan map for the WSP for the NSW Murray Darling Basin Porous Rock Groundwater Sources 2011<sup>8</sup>

<sup>7</sup> <https://www.legislation.nsw.gov.au>

<sup>8</sup> <https://www.legislation.nsw.gov.au>

The WSP for the NSW Murray Darling Basin Porous Rock Groundwater Sources 2011 commenced on 16 January 2012 and is valid for 10 years from 1 July 2012. The WSP has had 11 amendments and 1 substitution.<sup>9</sup>

Section 44 of the Act (s.44) states that the Minister is to ensure that a management plan (WSP) is audited within the first five years of the plan, for the purpose of ascertaining whether its provisions are being given effect to. At the time this audit commenced, in October 2018, the Act specified that the audit was to be carried out by an audit panel appointed by the Minister. The Act has since been amended, so that future s.44 audits are to be carried out by the Natural Resources Commission. However, under Schedule 9 of the Act this audit was able to be completed under the audit panel appointed by the Minister.<sup>10</sup>

The WSP for the NSW Murray Darling Basin Porous Rock Groundwater Sources 2011 has not previously been audited.

Alluvium Consulting Australia, as an independent and suitably accredited auditor, was appointed by the Minister (via the s.44 Audit Panel) to audit 25 WSPs, including the WSP for the NSW Murray Darling Basin Porous Rock Groundwater Sources 2011 without bias or conflict of interest in accordance with the statutory requirements.

## Audit objective

The objective of the audit is to examine selected provisions of the WSP for the NSW Murray Darling Basin Porous Rock Groundwater Sources 2011 to determine whether the provisions are being given effect to, in accordance with s.44.

The audit also provides recommendations for improvement to assist the NSW Government's commitment to improving transparency on the management of water and give the Minister confidence that audit outcomes contribute to the line of evidence in the adaptive improvement of future WSPs.<sup>11</sup>

## Scope

The audit examined selected provisions, considered as a priority by the audit team based on knowledge of the known and perceived performance and other risks in the WSP for the NSW Murray Darling Basin Porous Rock Groundwater Sources 2011.

The audit was undertaken based on provisions in force at the time of the audit. Amendments made (and commenced) between commencement of the WSP and 31 December 2018 were subject to audit from the date of their commencement.

This audit has been conducted in accordance with an audit plan, consistent with the overall audit approach approved by the Audit Panel in December 2018.

Recommendations have been made only where the audit team found that the clauses were not given effect to. The recommendations are accompanied by an assessment to communicate the likelihood of the objectives of the WSP not being met. The consequence of the objectives of the WSP not being met may depend on different administrative, regulatory, economic, social and environmental circumstances relevant to each WSP and is not included as part of this assessment. The likelihood assessment is based on the professional judgement of the audit team. The likelihood assessment ratings used are found in **Appendix 2**.

The audit has *not*:

- considered all provisions in the WSP but has based its auditing on selected priority provisions
- audited the compliance of holders of WALs, water supply work approvals or other regulatory instruments issued under the Act

<sup>9</sup> <https://www.legislation.nsw.gov.au/#/view/regulation/2012/492/history>

<sup>10</sup> See the Water Management Act 2000, Schedule 9, Part 11, cl. 101

<sup>11</sup> NSW Government Department of Industry Section 44 Water Sharing Plans Audit Engagement Plan 6 November 2018

- ascertained whether the WSP is compliant with legislation
- ascertained whether the WSP is operationally efficient or effective or appropriate in achieving the vision, objectives, strategies or performance indicators
- considered amended plans newly gazetted that are not yet in force
- recommended solutions where provisions were not given effect.

## Audited agencies

The following four agencies are involved in giving effect to the provisions of the WSP and are therefore the auditees for this audit.

- **The NSW Department of Planning, Industry and Environment - Water (DPIE - Water):** DPIE - Water is the lead agency responsible for water resource management in NSW. DPIE - Water prepares and administers legislation, NSW policy and water management planning products, including WSPs, acting as delegate for the Minister, under the Act.
- **The Natural Resources Access Regulator (NRAR):** NRAR leads compliance and enforcement of water legislation in NSW. NRAR's principal objectives are (a) to ensure effective, efficient, transparent and accountable compliance and enforcement measures for the natural resources management legislation, and (b) to maintain public confidence in the enforcement of the natural resources management legislation. NRAR also has a role in licensing and water supply work approvals, set out elsewhere in this audit.
- **WaterNSW:** WaterNSW is a state-owned corporation, which operates as a bulk water supplier and system operator, carrying out water infrastructure planning, delivery and operation, as well as providing water transaction and information services to customers for water licensing and approvals.
- **The NSW Department of Planning, Industry and Environment – Biodiversity and Conservation (DPIE – Biodiversity and Conservation):** DPIE – Biodiversity and Conservation is responsible for the delivery of water for the environment in NSW that is held environmental water entitlements and allocations, or that is discretionary, actively managed allocations of planned environmental water. DPIE – Biodiversity and Conservation prepares annual watering plans and annual outcomes reports on the use of water for the environment. This includes water held by the Commonwealth Environmental Water Holder. From 1 July 2019, DPIE – Biodiversity and Conservation took over the functions previously administered by the former Office of Environment and Heritage (OEH).

Note that the audit client for this engagement is NSW Department of Planning, Industry and Environment – Legal and Governance division, who administer the s.44 Audit Panel on behalf of the Minister.

## Audit methodology

The audit has been conducted in accordance with the Australian Standards on Assurance Engagements (ASAE) 3000 for *Assurance Engagements other than Audits or Reviews of Historical Financial Information* and ASAE 3100 for specific *Compliance Assurance Engagements*.<sup>12</sup> The audit is a limited assurance engagement.<sup>13</sup>

## Audit criteria

The audit criteria, the benchmarks used to measure or evaluate the underlying subject matter,<sup>14</sup> are detailed in **Appendix 1**.

<sup>12</sup> The standards set out mandatory requirements on ethical practice, audit planning, audit conduct including evidence, audit quality control and reporting.

<sup>13</sup> The level of assurance in a limited assurance engagement is lower than in a reasonable assurance engagement, the procedures are narrower in scope and the level of evidence required is less.

<sup>14</sup> Criteria are defined as the benchmark used to measure or evaluate the underlying subject matter. ASAE 3000 paragraphs 12c and A10. Criteria are used to form a conclusion against the objective.

A risk-based approach was used to inform the set of WSP provisions to be audited and the nature, timing and extent of evidence-gathering procedures.

Broadly the WSP provisions have been selected based on materiality and impact to ensure the focus is on areas of possible poor performance and high impact.

Some WSP Parts (and provisions) are not part of the audit criteria as they are:

- immaterial to giving effect to the WSP and/ or assigned a low risk rating and/or
- covered by other provisions in the WSP.

Specifically, Part 3 establishes the Bulk Access Regime and Part 4 establishes Planned Environmental Water provisions, but both parts establish these by reference to other WSP provisions. Therefore, the audit has considered the Bulk Access Regime and Planned Environmental Water by considering the operative parts of the plan which have been "called up" by Part 3 and Part 4 respectively.

The audit plan included common audit criteria focused on the frameworks that are materially relevant to WSP operationalisation and implementation. These include:

- QA/QC systems, risk management, data collection and verification and management processes
- manuals and guidelines for rule implementation
- plans for monitoring performance indicators and subsequent reporting.

#### **Processes for gathering audit evidence**

Sufficient and appropriate evidence was obtained to conclude against the audit objective and criteria, consistent with a limited assurance engagement.

Broadly, the audit team have examined whether the selected provisions of the WSP for the NSW Murray Darling Basin Porous Rock Groundwater Sources 2011 have been given effect to by:

- reviewing generic/overall systems, procedures and frameworks that are materially relevant to WSP implementation for each of the audited agencies. These included, QA/QC systems, risk management, data collection, verification and management
- reviewing documentation on how the WSP has been operationalised. This included implementation plans, annual organisational business plans or work area plans, presence of manuals, guidelines for available water determinations (AWDs), plans for monitoring of performance indicators and evaluation of water sharing plans, the register of shares, water accounts, water dealings and associated manuals, systems and procedures
- interviewing staff of the audited agencies responsible for implementation of the selected provisions
- reviewing data management that supports the WSP implementation
- reviewing the monitoring and evaluation arrangements (for the monitoring of performance indicators and evaluation of water sharing plans, long-term annual average extraction limits, water accounting and other key aspects of WSPs that require monitoring), as well as the subsequent reporting
- reviewing the consultative arrangements for holders of WALs, water supply work approvals and other instruments, as well as landholders and others, where relevant to WSP implementation.

**Appendix 1** details the types of evidence that was sought in order to make findings against the criteria.

At or just after each audit interview, the audit team requested additional information or documents when required. If no evidence was provided before finalisation of the audit report, the audit team either made a

finding on its own judgement using its own consideration of the matter being considered, or reported that a judgement cannot be made as evidence was not available.

### 3 Audit findings

This section of the report presents the audit findings and recommendations considering the evidence examined in the audit against the audit criteria.

#### Criterion: There are arrangements to give effect to WSP Provisions

##### Areas examined

The audit team examined whether arrangements were in place to give effect to the WSP provisions, including whether there were documents that operationalised the WSP, clear roles, responsibilities and data management to support implementation, and arrangements in place and being implemented for the monitoring of performance indicators and evaluation of water sharing plans.

##### Conclusion

Overall, the audit team found that most central and overarching agency arrangements are in place to give effect to the WSP provisions and are supported by documented procedures or guidance for officer level implementation.

Staff have a sound understanding of the role and responsibility of their agency in regard to WSP operationalisation, however they have less clarity of other agencies' roles and responsibilities.

There is no single document that describes the interrelated roles of the agencies, clearly defines how WSP provisions are operationalised, or describes each agency's role in operationalising WSP provisions. DPIE Water advised that it intends to develop WSP implementation plans. However, to date, these have not progressed due to resourcing constraints.

The audit team found some gaps in DPIE Water procedures to operationalise the WSP including monitoring arrangements for WSP performance indicators (Part 2 cl. 11).

Another gap over the audit period was NRAR's lack of procedures for WSP implementation, concerning monitoring and compliance auditing to provide oversight of compliance with mandatory conditions. NRAR had not begun delivering this function during the audit period.

##### Findings against criterion lines of inquiry

##### ***Is there clear delineation of roles and responsibilities for giving effect to WSP provisions?***

Roles and responsibilities for giving effect to WSP provisions have been documented broadly for the public<sup>15</sup>, and more specifically for government agencies in documents including the WaterNSW Operating Licence 2017-22<sup>16</sup>, a Deed of Business Transfer<sup>17</sup>, the NRAR Act 2017<sup>18</sup> and instruments made under the Act.<sup>19</sup> The latter sets out the functions conferred or imposed on the Minister to roles within DPIE Water, including those conferred to NRAR (as it sits within DPIE Water). The Deed of Business Transfer moved "certain staff, functions and assets from the former DPI [Department of Primary Industries] Water to WaterNSW".

Broad functions of the audited agencies are described on agency websites.<sup>20</sup> A brochure titled *Roles of water management agencies in NSW*, published in June 2018 and available for download from the Department's website, sets out agency responsibilities, many of which relate directly to WSP implementation and are helpful for communicating broad roles of agencies to the public as set out in Table 1.<sup>21</sup>

<sup>15</sup> <https://www.industry.nsw.gov.au/water/what-we-do/how-water-is-managed>

<sup>16</sup> WaterNSW Operating Licence 2017-22

<sup>17</sup> Deed of Business Transfer 2016 – Between Department of Industry, Skills and Regional Development and WaterNSW

<sup>18</sup> Natural Resources Access Regulator Act 2017 (cl. 11 *Functions of the Regulator*, and Schedule 2 *Additional functions of the Regulator*)

<sup>19</sup> Water Management Instrument of Delegation No. 2 2013; Water Management Instrument of Delegation No. 3 2018

<sup>20</sup> <https://www.industry.nsw.gov.au/water/what-we-do/how-water-is-managed>

<sup>21</sup> Note that the brochure titled 'Roles of water management agencies in NSW' does not acknowledge NRAR's role in licensing assessments and approvals

**Table 1. Roles of water management agencies in NSW**

	<b>DPIE Water</b>	<b>WaterNSW</b>	<b>NRAR</b>	<b>DPIE – Biodiversity and Conservation</b>
<b>Broad roles of water management agencies in NSW</b>	Water planning, policy and regulation Regional water security Government relations Stakeholder engagement Local water utilities	Source water protection Bulk water supply System operator Bulk water supply infrastructure planning, delivery and operation Customer water transaction and information services	Compliance monitoring and enforcement Prosecutions Compliance information Responds to community reports Collaboration and liaison Impact assessments Dams Safety Committee	Environmental water holder - Manages water access licences held by the NSW Government and advises on the DPIE Water on planned environmental water made under water sharing plans Environmental water planning Collaboration – advises on environmental water priorities and planning
<b>Roles of water management agencies in licensing and compliance services</b>	<b>Legislation, plans, policies and governance</b> Policy setter Planner and rule maker Inter- and intra-governmental collaboration	<b>System operations</b> Water delivery and operations <b>Licensing</b> Assessments and water supply work approvals Dealings <b>Customer services</b> Enquiries and advisory services Ordering, meter reading, trades and billing Water and market information services	<b>Licensing</b> Assessments and water supply work approvals <b>Compliance education</b> Communication and education strategies to promote voluntary compliance <b>Monitoring &amp; investigations</b> On-site and remote monitoring, audits and inspections Case management and investigations <b>Compliance hotline</b> Responding to community reports <b>Enforcement</b> Statutory actions including notices and prosecutions	NA

The audit team found that roles within agencies are well understood and documented through organisation charts.<sup>22</sup> Interviews with staff of each agency demonstrated that they had a clear understanding of the roles and responsibilities of their respective agency. However, the audit team found that the roles and responsibilities of the four audited agencies, for giving effect to WSP provisions, are not immediately clear to all staff of the agencies. Agency staff advised that this uncertainty is a result of organisational changes including the transfer of some functions between auditee agencies, restructures within the auditee agencies, the establishment of NRAR and the complex nature of the WSPs. The audit team considers that updated communication about the roles of all agencies involved in WSP operationalisation would reduce this uncertainty.

NRAR performs some functions that mirror the responsibilities of WaterNSW in licensing for a subsection of customers and water supply work approvals for certain instances (described below). The brochure, *Roles of water management agencies in NSW*, does not acknowledge NRAR’s role in licensing assessments and water

<sup>22</sup> WaterNSW organisation chart 2018 Intranet Version-20181220, NRAR Org Chart - People Leaders January 2019, NRAR Org Charts 10-01-2019, Department of Industry organisation structure excerpts - mid-2018



supply work approvals. Agency staff advised that this split in responsibility is intentional to reduce perceived or actual conflicts of interest due to close working relationships between WaterNSW and those customers.

The audit team was informed that DPIE - Water is working on a review of the WaterNSW Operating Licence in consultation with WaterNSW with the intent of providing greater clarification of each agencies' role in relation to WSP implementation. The audit team was also informed that DPIE Water is investing to increase the resourcing for WSP implementation and to better clarify roles in WSP implementation. However, these actions had mostly not commenced during the audit period.<sup>23</sup>

***Is there overall documentation that operationalises WSP provisions to enable them to be given effect to? (Including AWDs, monitoring performance indicators, register of shares, water accounts)***

The audit team found that there is no single document that describes the interrelated roles of the agencies, that clearly defines how WSP provisions are operationalised, or describes each agency's role in operationalising WSP provisions.

The audit team found that implementation plans for current WSPs have not commenced due to resourcing constraints. DPIE - Water advised it intended to develop implementation plans for current WSPs and to prepare implementation plans for future WSPs.

Manuals, procedures or decision trees are available for DPIE - Water, WaterNSW, NRAR and DPIE – Biodiversity and Conservation. They capture processes that are applied at the team level – see Table 2. The audit team found many of these procedures have been inherited and do not reflect current agency arrangements: some are under review; some procedures had been developed by individuals to assist in their roles, but not formalised; and some procedures do not exist.

Some procedures that lacked documentation during the audit period, as highlighted in Table 2 include:

- Part 2 cl. 11 – the monitoring of performance indicators
- Part 11 - oversight of compliance with mandatory conditions.

These issues are covered in greater detail in this audit report under [Part 2](#) Vision, objectives, strategies and performance indicators and [Part 11](#) Mandatory conditions, respectively.

The audit team was provided examples showing draft WSP amendments that are intended to provide greater clarity on the role of specific agencies in implementing parts of the WSPs in future. For example, the system operation rules (in regulated river WSPs) will identify “the operator” (WaterNSW) and the “NSW Environmental Water Manager” (previously Office of Environment and Heritage, now DPIE – Biodiversity and Conservation).<sup>24</sup> However, the audit team note that the clearer drafting of obligations in the WSPs does not in itself provide evidence that responsibilities within agencies are clear, nor that responsibilities within agencies are clear for implementing clauses ascribed to “the Minister” or clauses that prescribe that an action “shall” be carried out.

***Is there data management that supports the WSP implementation?***

Water monitoring data plays a role in giving effect to WSP provisions based on groundwater levels in the water monitoring network. Water access licence holders may have specific conditions aligned with the information from the network of water monitoring stations. The audit team found evidence of data management that supports the WSP implementation that is incorporated into both the Water Monitoring – Quality Management System (QMS) and Oracle system.

Systems that support WSP implementation rely on an Oracle database. The Oracle database stores data that is used by the Water Licensing System, Water Accounting System and another database called Groundwater Hydstra (this database is only used for groundwater sources).

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<sup>23</sup> Appendix 3, DPIE Water letter dated 1 October 2019 (ref: OUT19/11454)

**Are there systems for Quality Assurance/Quality Control (QA/QC), risk management, data collection, verification and management and modelling QA?**

There is a quality management system in place for WaterNSW water monitoring data, which is documented in the Water Monitoring – QMS Manual.

**Are there monitoring and evaluation arrangements for meeting the plan objectives and have they been reported to government within the required time frame?**

This issue is addressed in the next section of this report: Part 2 Vision, objectives, strategies and performance indicators.

**Table 2. Review of procedures to operationalise WSPs by agency functions**

Agency	Function	Documentation
DPIE Water	Making amendments to WSPs	Amendment order process WSP Amendments Register shell
DPIE Water	Resource assessments for groundwater WAL applications, water supply work approvals and dealings	Assessing groundwater applications fact sheet September 2018 DoI Groundwater Dealings Assessment Guideline: Water supply works and dealing applications
DPIE Water	Keeping track of annual water take compared to the long-term average annual extraction limit (LTAAEL)	<b>A spreadsheet exists to calculate and assess compliance against groundwater LTAAEL; however, a written procedure was not available during the audit period.</b>
DPIE Water	Calculating Available Water Determinations (AWDs)	Water Allocations Resource - Assessment and Allocation Process Process for AWD submissions and public notification
DPIE Water	Monitoring of WSP performance indicators	<b>No procedure was available during the audit period</b>
DPIE Water/NRAR	Drafting and coding of mandatory conditions	Giving effect to mandatory conditions – generic process Licensing Procedure Manual, operations section: conditions Quality control procedure for the application of mandatory conditions (draft) 2018
WaterNSW	Managing water allocation accounts	Water Accounting Rules for Water Sharing Plans in accordance with WMA 2000 Assessments of Water Usage Procedure (under review) WAS - Entering an AWD process Water Allocation Procedure – (under review) WLS Functional specification Integrated Receipting Assessments of Water Usage Procedure (under review) Meter Reading Procedure (under review) Negative Account Balance Procedure (under review)
WaterNSW	Water licensing and water supply work approvals	WLS user guide Licensing Procedure Manual, Operations section: Receiving, assessing and determining an application for a water access licence Assessment Summary Sheets Licensing procedure manual, operations section: Water access licence dealings Assessment Summary Sheet – Water Use and Water Supply Work Approval for a Pump, Dam, Weir (Surface Water Source) or Bores
NRAR	Monitoring and compliance auditing	<b>NRAR intend to develop procedures for compliance auditing</b> which is documented in the NRAR Establishment Plan 2018 Interim compliance audit procedures Interim Management of compliance evidence Interim managing a compliance audit program guidance

Agency	Function	Documentation
NRAR	Investigations and prosecutions	NRAR Prosecution guidelines February 2018 NRAR Statutory and other powers: Guidance for the exercise of powers to gather evidence Triage questions Workflow diagram Case Escalation Process (flowchart) Enforcement Committee Terms of Reference Interim CIRaM Standard operating procedure: Reference guide for effective case management within CIRaM Interim interviewing witnesses and suspects Interim Investigation guidelines Interim court procedures and giving evidence Interim protocol for engaging the Crown Solicitors Office
NRAR	Water licensing and water supply work approvals	WLS user guide Licensing Procedure Manual, Operations section: Receiving, assessing and determining an application for a water access licence Licensing Procedure Manual, Operations section: conditions Assessment summary sheets - access licence for domestic and stock, access licence for town water supply, access licence for specific purpose town water supply, access licence for specific purpose, access licence with a zero share, access licence for specific purpose aboriginal and cultural, water use and water supply work approval for a pump, dam, weir (surface water source) or bores, amendment of an existing approval Quality control procedure for the application of mandatory conditions - draft
DPIE – Biodiversity and Conservation	Concurrence role	OEH Water Sharing Plan Concurrence Procedure (2018)

**The provisions that were not being given effect to are as follows:**

Procedures and systems for full and consistent implementation of the WSP are lacking for Part 2 and Part 11. This has resulted in these parts of WSP not being implemented in full.

The audit team found through interviews that the following broad factors that have contributed to the lack of procedures and systems:

- organisational changes including the transfer of functions
- unclear roles and responsibilities
- restructures within the Department
- the establishment of NRAR and time required to build capability.


### Recommendation 1

**Finding:** The audit team found that Part 2 (cl. 11), and Part 11 (cl. 50, cl. 51 and cl. 52) of the WSP for the NSW Murray Darling Basin Porous Rock Groundwater Sources 2011 were not being given effect in full.

**Recommendation:** NSW Government to document all roles and procedures so that the provisions of the WSP are fully and consistently operationalised, implemented and there is accountability.

**Likelihood assessment:**

If the clauses are not being given effect to, then in the opinion of the audit team, the likelihood of the WSP objective not being met is **medium**, due in part to a lack of clear documentation of roles and procedures.

  
Very low

  
Low

  
Medium

  
High

  
Very high

## Criterion: Part 2 Vision, objectives, strategies and performance indicators

### Areas examined

The audit team examined whether there were systems and processes in place during the audit period to monitor and report on the performance indicators specified in Part 2 cl. 11 of the WSP for the NSW Murray Darling Basin Porous Rock Groundwater Sources 2011.

### Conclusion

Overall, the audit team found limited evidence of targeted monitoring and no evidence reporting of performance indicators in the WSP for the NSW Murray Darling Basin Porous Rock Groundwater Sources 2011 during the audit period.

### Findings against criterion lines of inquiry

#### ***Are there plans/systems/processes in place to monitor performance indicators of the WSP?***

Part 2 cl. 11 specifies six performance indicators to be used to measure the success of the WSP's strategies to reach its objectives, including:

- change in or maintenance of, the ecological value of key groundwater sources and their dependent ecosystems
- the extent to which basic landholder rights requirements have been met including native title rights requirements
- change in local water utility access
- the extent to which local water utility requirements have been met
- change in economic benefits derived from groundwater extraction and use
- the extent of recognition of spiritual, social and customary values of water to Aboriginal people.

The audit team found no evidence of plans and processes in place to monitor the performance indicators in the WSP for the NSW Murray Darling Basin Porous Rock Groundwater Sources 2011 during the audit period. Staff advised that funding for monitoring and evaluation has fluctuated over the audit period.<sup>25</sup>

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<sup>25</sup> Audit interview notes

In March 2018, DPIE - Water published a Monitoring, Evaluation and Reporting (MER) framework for Basin Plan implementation. This includes a framework for monitoring and reporting on WSP requirements.<sup>26</sup> MER Plans are being developed for all NSW Murray-Darling Basin water resource plan areas (including groundwater) and coastal valleys that will contain monitoring targeted at meeting WSP reporting requirements. Throughout the audit period, there was no MER Plan developed for the WSP for the NSW Murray Darling Basin Porous Rock Groundwater Sources 2011.

DPIE Water is developing improved WSP objectives and performance indicators as part of the development of the Water Resource Plans (WRP). This is because “the current objectives and performance indicators in the WSPs should be reviewed to better align with the plan rules”.<sup>27</sup> The audit team found that the former DoI Water published guidelines in August 2018 for setting and evaluating WSP objectives.<sup>28</sup>

***Are there plans/systems/processes in place to report on the performance indicators of the WSP?***

The audit team found no evidence of reporting during the audit period on the performance indicators in the WSP for the NSW Murray Darling Basin Porous Rock Groundwater Sources 2011. The WSP does not specify when or how often the indicators are to be used to measure and report on the success of the strategies to reach the objectives of the WSP, however WSP review periods and the connection between performance indicators, strategies and objectives are specified in the Act (cl. 35, and cl. 43A).

**The provisions that were not being given effect are as follows:**

Part 2 cl. 11 performance indicators to be used to measure the success of the WSP strategies to each the objectives of the Plan were not given effect during the audit period.

The audit team found through interviews and evidence that the contributing factors to not using the performance indicators during the audit period were:

- the responsible agency (DPIE and preceding agencies) has found the WSP performance indicators hard to monitor and report on<sup>29</sup>
- a framework or plan for the monitoring of performance indicators and evaluation of water sharing plans was not in place to monitor and report on plan performance indicators over the audit period
- monitoring has not been targeted or coordinated against the performance indicators to allow for an assessment of whether the plan is achieving its intended outcomes
- funding and resourcing framework or plan for the monitoring of performance indicators and evaluation of water sharing plans has not always been available<sup>30</sup>
- agency roles and responsibilities for collecting and reporting on performance indicators have not always been clear.<sup>31</sup>

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<sup>26</sup> Basin Plan Implementation Monitoring Evaluation & Reporting: NSW Water Management Monitoring, Evaluation & Reporting Framework

<sup>27</sup>Western Porous Rock (GW6) and Eastern Porous Rock (GW16) Water Resource Plans, Status and Issues Paper, August 2017, pp.25

<sup>28</sup> Guidelines for setting and evaluating plan objectives for water management, August 2018

<sup>29</sup> Audit interview notes

<sup>30</sup> Audit interview notes

<sup>31</sup> Audit interview notes


## Recommendation 2

**Finding:** The audit team found that Part 2 cl. 11 of the WSP for the NSW Murray Darling Basin Porous Rock Groundwater Sources 2011 was not being given effect to throughout the audit period.

**Recommendation:** DPIE Water to give effect to Part 2 cl. 11 performance indicators.

### Likelihood assessment:

If the clause is not being given effect to, then in the opinion of the audit team, the likelihood of not meeting the intended objectives of the WSP is **medium** as water managers and users have limited knowledge on whether the objectives are being met and what, if any, adaptive management is required to achieve the objectives.

  
Very low

  
Low

  
Medium

  
High

  
Very high

## Criterion: Part 3 Bulk access regime and Part 4 Planned environmental water provisions

Part 3 establishes the Bulk access regime and Part 4 establishes Planned environmental water provisions. The audit has considered Part 3 Bulk access regime and Part 4 Planned environmental water provisions by considering the operative parts of the plan which have been “called up” by Part 3 and Part 4.

## Criterion: Part 5 Requirements for water

Part 5 establishes the requirements for water in the relevant water sources, including the total shares for WALs.

### Areas examined

The NSW Water Register is maintained by WaterNSW and provides public access to information about share components for each WAL. The Water Register is complemented by the Water Access Licence Register maintained by NSW Land Registry Services, which provides more detailed information about every WAL in NSW.

The issuing of shares occurs once, following the WSP commencement, by conversion of Water Act 1912 licences to WALs. This process occurs under Schedule 10 of the Water Management Act 2000. As such, this process is out of scope for this audit (except for the total number of shares for each category of WAL specified in Part 5). Following this, available water determinations are distributed according to shares, while changes in shares can only occur through dealings (except for special purpose WALs).

The policy, processes, systems and procedures to manage share components are described under the criterion “There are arrangements to give effect to WSP Provisions”. Related policy, processes, systems and procedures with respect to available water determinations and dealings are described under the criteria for, [Part 6 \(Available water determinations\)](#) and [Part 10 \(Access licence dealing rules\)](#).

## Criterion: Part 6 Limits to the availability of water

### Areas examined

The audit team examined policies, processes, systems and procedures for the management of water available for extraction on a long-term basis in these groundwater sources.

### Conclusion

The audit team found that Division 1 Long-term average annual extraction limit has been given effect to.

The audit team found that under Division 2 Available Water Determinations has been given effect to:

- procedures are in place for the calculation and announcement of AWDs.
- a schedule is in place for the assessment of AWDs at the beginning of the water year, and if the initial AWD is less than 100%, the process also occurs at regular intervals throughout the water year to monitor whether additional resources are available to make further AWDs.
- the calculations are reviewed by a manager who signs off on work to ensure its accuracy and appropriateness.

### Findings against criterion lines of inquiry

#### ***Has the long-term average annual extraction limit been managed in accordance with the clauses in Division 1 for this resource?***

The WSP establishes a long-term average annual extraction limit (LTAAEL) to which extractions are managed. The long-term average annual extraction limit for the groundwater sources in this WSP are defined in the plan in cl. 25 as:

- 205,640 ML/year for the Gunnedah–Oxley Basin MDB Groundwater Source
- 0 ML/year for the Oaklands Basin Groundwater Source
- 60,443 ML/year for the Sydney Basin MDB Groundwater
- 530,486 ML/year for the Western Murray Porous Rock Groundwater Source.

Cl. 26 requires that after each water year, the total volume of water taken under all categories of access licences and pursuant to domestic and stock rights and native title rights must be calculated for this groundwater source. Cl. 27 and cl. 28 set out how assessment and compliance with the LTAAEL is to be managed.

The audit team found that the clauses in Part 6 Division 1 relating to the groundwater sources were being given effect throughout the audit period. A spreadsheet<sup>32</sup> was provided to support this which satisfies the obligations under cl. 26, cl. 27 and cl. 28. However, this spreadsheet was not supported by procedures for these processes, capturing roles, responsibilities or oversight.

#### ***Where discretionary judgement is to be applied is there clarity in regard to roles, responsibilities and oversight and process?***

While a spreadsheet process is used to calculate and assess compliance against groundwater LTAAELs there is not a formal written procedure supporting this process that captures roles, responsibilities, oversight and controls (refer Recommendation 1).

#### ***Are there policy, processes, systems and procedures in place for making available water determinations in line with the rules?***

Part 6 Division 2 concerns AWDs, which inform licensed water users how much water they can extract. Each year, an AWD is to be made defining how much of the share component will be available under each category of licence. Specific purpose access licences, such as domestic and stock or local water utility access licences,

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<sup>32</sup> LTAAEL Compliance Check ALL INLAND WATERSOURCES\_CB1718

generally receive 100 per cent of their share component, although in years of exceptional drought the daily access rules may limit extraction to the extent that annual entitlement cannot be fully realised. AWDs are also used to manage growth in extractions above the LTAAEL, whereby the maximum AWD is reduced to less than one megalitre per unit share.

The agencies involved in making AWDs are WaterNSW and DPIE Water. Data is provided by WaterNSW on the water balance, resource assessment and remaining allocations in accounts to DPIE Water. DPIE Water officers then undertake a resource assessment to assess the supply.

For groundwater, the AWD at 1 July may be less than 100% if the rolling average of annual extraction over the specified preceding period is exceeded by the trigger amount for LTAAEL compliance action or analysis deems that an exceedance is likely, based on the data available at the time of the assessment. For some aquifer WALs, allocations are also linked to the high security or general security allocations of the associated regulated river. AWDs are then credited to allocation accounts through the Water Accounting System by WaterNSW (when instructed to do so by DPIE Water). The audit team found that schedules, procedures, templates and checklists<sup>33</sup> are in place for making AWDs in line with the rules. The audit team found that there is a quality assurance process whereby each AWD is prepared, checked, and endorsed and that these roles in DPIE Water are clearly defined.<sup>34</sup> The audit team found no evidence that Part 6 Division 2 of the WSP was not being given effect to.

## **Criterion: Part 7 Rules for granting access licences**

### **Areas examined**

The audit team examined policy, processes, systems and procedures for the granting of access licences.

### **Conclusion**

The audit team found that the Water Licensing System utilised by WaterNSW and NRAR facilitates the assessment of applications and the granting of WALs that are subject to mandatory conditions and discretionary conditions.

### **Recommendation**

No recommendations are made with respect to giving effect to Part 7 of the WSP for the NSW Murray Darling Basin Porous Rock Groundwater Sources 2011.

### **Findings against criterion lines of inquiry**

#### ***Are there guidelines to give effect to the provisions for granting access licences i.e. guidance to decision makers?***

WaterNSW and NRAR staff utilise a Water Licensing System to assess applications and grant access licences that are subject to mandatory conditions and discretionary conditions. Decision makers have guidance in assessing applications through assessment sheets<sup>35</sup>, which seek to ensure assessments are made in accordance with the applicable legislation and the relevant WSP. Mandatory conditions and discretionary conditions to be applied to WALs are identified by the assessing officer during the assessment of an application. Most mandatory conditions are programmed into the Water Licensing System and are automatically applied to the WAL if it is granted. Occasionally, mandatory conditions require manual entry by the officer if that condition is specific to the WAL, for example, a condition for a specific purpose WAL.<sup>36</sup>

According to interviews with staff and the examination of the Licensing Procedure Manual<sup>37</sup>, if an application satisfies all policy and statutory requirements, an assessing officer will submit the application to a determining officer with their recommendation to grant the WAL. The determining officer then confirms that, in

<sup>33</sup>Water Allocations Team Calendar Critical Dates - 2017-18, Process for AWD submissions and public notification, Temp Restriction Order Template for WNSW July 2017 SW, Temp Restriction Order Template for WNSW July 2017 GW, Briefing - Operational - Annual Water Allocations

<sup>34</sup> Water Allocation Valley Assignments – 2018/19

<sup>35</sup> Assessment Summary Sheets

<sup>36</sup> Licensing procedure manual Operations section: Receiving, assessing and determining an application for a water access licence (WAL)

<sup>37</sup> Licensing procedure manual Operations section: Receiving, assessing and determining an application for a water access licence (WAL)



accordance with the signed assessment sheet, all the administrative and legislative responsibilities and obligations have been discharged, the reason/s for the recommendation seem reasonable and justifiable, and the conditions are relevant, reasonable, and related to the application. The determining officer may amend the recommendation, including the conditions, and grant or refuse an application.

Cl. 31 of the WSP outlines the requirements for the granting of a specific purpose access licence. The audit team found that in granting applications for new access licences, there is a factsheet used to guide the process to ensure that the share and extraction component of the access licence is the minimum required to meet the circumstances in which the access licence is proposed to be used. The audit team found that no specific purpose access licences of the subcategory "Aboriginal Cultural" have been granted in the plan groundwater sources.

***Is there a QA/QC process to ensure the rules are being given effect to?***

The determining officer confirms and to varying degrees may review the work done by the assessing officer in granting or refusing a WAL. The determining officer is, where feasible, at a higher grade. Although there is no formal QA/QC process, the audit team found that the determining officers used their judgement to determine how closely to review the work of an assessing officer based on several risk factors such as officer experience, past performance and workload.

The drafting of mandatory conditions that are programmed into the Water Licensing System by NRAR also goes through a process of review to ensure where possible that mandatory conditions give effect to the rules in a WSP. The audit team found through interviews that errors are occasionally found in the drafted mandatory conditions, and that it is sometimes difficult to interpret the intent of a WSP provision and write a mandatory condition because a rule may be interpreted in a number of ways.

Staff advised that errors also occur at the stage of coding the mandatory conditions into the Water Licensing System due to constraints in the system's functionality. For example, table headers in the user interface do not have the freeze panel functionality to view row or column names during scrolling which leads to errors occurring.

Overall, the audit team found that some processes have appropriate QA/QC. However, there is risk of human error that may result in WSP rules not being given effect to. The audited agencies do not have visibility of the number of errors that result in noncompliance with the WSP; therefore, the audit team did not have information to determine the level of risk.

## **Criterion: Part 8 Rules for managing access licences**

### **Areas examined**

The audit team examined policy, processes, systems and procedures for complying with rules for managing access licences.

### **Conclusions**

Overall the audit team found with respect to Part 8, that a Water Accounting System is in place that applies the water allocation account management rules, and that there was no evidence that the management of those accounts was inconsistent with the provisions in Part 8.

### **Recommendations**

No recommendations are made with respect to giving effect to Part 8 of the WSP for the NSW Murray Darling Basin Porous Rock Groundwater Sources 2011.

### **Findings against criterion lines of inquiry**

#### ***How are individual water allocation account management rules administered and managed? (including roles, responsibilities, decision makers and oversight)***

The audit team found that water allocation accounts and the rules that apply to those accounts as per Part 8 of the WSP are administered and managed by WaterNSW in the Water Accounting System. The Water

Accounting System has many functionalities that allow for the keeping of water allocation accounts for WALs. One of the functions is the water allocation account which is a ledger of all transactions relating to water allocation for a WAL. The types of transactions vary according to the account rules for a water source and may include:

- accounting parameters for the groundwater source which apply for the duration of the WSP (Water Order Debit, Carryover sub-accounts allowed etc.)
- announcements that have been made at the start of the year which define the general operating parameters for the groundwater source and licence category (e.g. Daily Account Limit, Annual Use Limit) and which apply to the access licence
- announcements that have been made during the year for the groundwater source and licence category and which apply to the access licence (e.g. AWDs)
- usages throughout the year
- allocation Assignments in/out (Licence dealings and transfers in/out)
- adjustments arising from exceeding account limits
- water order debiting
- adjustments to cater for domestic and stock rights usage.<sup>38</sup>

The Water Accounting System also has other functionality including water usage reporting, WAL searching by water type or WSP with search criteria including holder, groundwater source, category and status.<sup>39</sup>

Water accounting rules that give effect to the Act and Part 8 (Rules for managing access licences) of the WSP are coded into the system by WaterNSW when a new WSP is gazetted or a WSP is amended and are applied to the relevant water allocation accounts under a WSP. Evidence of the coded rules were provided to the audit team.<sup>40</sup> The audit team found that specialist knowledge on the coding of rules into the Water Accounting System is held by a limited number of agency staff. Although the audit team was advised that within WaterNSW the roles and responsibilities are clear<sup>41</sup>, the audit team found no evidence that this is documented, including no documented procedure for coding the rules into the Water Accounting System.

***Is there a QA/QC process to ensure they are being given effect to in line with the plan?***

No formal QA/QC process was found to be in place to ensure the coded rules give effect to the WSP.

***How are the audited agencies assuring that water is being accounted for consistently and transparently?***

The audit team was advised that for WALs that require the holder to keep a logbook, there is currently no procedure in place to monitor usage, whether usage is within account limits, or whether the carryover amount in the correlating water allocation account is accurate. The audit team was advised that for these accounts that are not yet required to have water meters, the carryover amount shown in accounts is the maximum allowed (25%) regardless of usage.<sup>42</sup> The oversight of WSP rules including logbook monitoring or verification and licence holder compliance in regard to the licence conditions is discussed further in [Part 11 Mandatory conditions](#).

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<sup>38</sup> Water Accounting Rules for Water Sharing Plans in accordance with Water Management Act 2000 Version 1.1 December 2009 State Water Corporation

<sup>39</sup> WAS – Basic Function Training

<sup>40</sup> Water Source Configuration Rules and screen shots of the Water Accounting System for Murrumbidgee Unregulated and Alluvial Water Sources 2012

<sup>41</sup> Audit interview notes

<sup>42</sup> Audit interview notes

## Criterion: Part 9 Rules for water supply works approvals

### Areas examined

The audit team examined policy, processes, systems and procedures for complying with rules for water supply work approvals.

### Conclusion

The audit team found no evidence that the management of water supply work approvals was inconsistent with the provisions in Part 9.

### Recommendations

No recommendations are made with respect to giving effect to Part 9 of the WSP.

### Findings against criterion lines of inquiry

#### *How are rules applying to the granting or amending of water supply work approvals for water supply works that take groundwater given effect? (including roles, responsibilities, decision makers, oversight and QA/QC processes)*

Part 9 establishes rules for granting or amending water supply work approvals for water supply works that take groundwater and what types of conditions are required to protect groundwater sources and ensure equitable sharing between users.

The audit team found that the rules applying to supply work approvals are coded into the Water Licensing System by NRAR and applied by WaterNSW and NRAR. This process is described in detail against the criterion relating to [Part 11 Mandatory conditions](#).

Part 9 is administered by WaterNSW, NRAR and DPIE Water. Initially an application for a supply work approval (e.g. for a bore) is assessed by either WaterNSW or NRAR against the rules. All groundwater applications are also referred to DPIE Water for assessment by a hydrogeologist. The impact of a new or amended bore is assessed using a drawdown analysis and assessment against the rules. The application is then returned to WaterNSW or NRAR with a recommendation on the decision with discretionary conditions such as an extraction limit on a bore. The audit team reviewed one assessment performed by hydrogeologists related to the implementation of clauses 37 to 40 in this Part.<sup>43</sup> The audit team found the assessment gave effect to the WSP.

## Criterion: Part 10 Access licence dealing rules

### Areas examined

The audit team examined policies, processes, systems and procedures for compliance with assignment of rights dealings (under section 71Q of the Act, previously known as permanent trade) and assignment of water allocation dealings (under section 71T of the Act, previously known as temporary trade).

### Conclusions

The audit team found that dealings are managed by WaterNSW through the Water Licensing System. The Audit Team found:

- WaterNSW has effective systems and processes to manage dealings
- The NSW Land Registry Service keeps the record of all water access licences (the WAL register)
- This record is separate to the NSW Water Licensing System, however once a dealing is approved it only takes effect once it is registered by the NSW Land Registry Services on the WAL register.

### Recommendations

No recommendations are made with respect to giving effect to Part 10 of the WSP.

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<sup>43</sup> Groundwater Assessment Advice for Dealing/Application No: A013900 and A013901

## Findings against criterion lines of inquiry

### ***How do the audited agencies ensure access licence dealing rules are applied and adhered to?***

The audit team found that roles and responsibilities with regard to dealings are clear and well understood. WaterNSW maintains overall responsibility for both assignment of rights dealings (permanent trade) and assignment of water allocations dealings (temporary trade).

Assignment of rights dealings are managed by WaterNSW through the Water Licensing System. The Licensing procedure manual, Operations section: Water access licence dealings<sup>44</sup> documents in detail how access licence dealings are received and processed by WaterNSW. This procedure has been inherited from the former DPI Water and therefore references to agency roles are out of date although WaterNSW has not identified this as an issue in its use.

Dealing Assessment Checklists<sup>45</sup> are completed by officers in the Water Licensing System which include a validity check to ensure the trade is permitted. The Assessment Checklists ensure that any dealings that are recommended for approval by an assessing officer comply with the WSP, the Dealing Principles Order 2004 and the objects and principles of the Act. The decision to approve or refuse the dealing is made by the determining officer before a notification can be made to WAL holders. The determining officer may amend the recommendation (or conditions) and approve or refuse the application.

For a dealing related to a groundwater access licence, the Assessment Checklist flags the requirement for a hydrogeologist's assessment and recommendation for the dealing to be granted. This function is implemented by DPIE Water.

In accordance with the requirements of s.71 of the Act, all water access licences and water access licence dealings (excluding dealings for s.71T and s.71V) are recorded on the WAL. The WAL Register is administered by NSW Land Registry Services.<sup>46</sup>

Assignment of water allocation dealings (temporary trades) are processed by Customer Service Officers at WaterNSW in the Customer Helpdesk System and are implemented in the Water Accounting System by crediting and debiting the water allocation accounts of the buyer and seller respectively. The Water Allocation Assignment Procedure<sup>47</sup> documents the stages involved in processing and approving of allocation dealings (temporary trade). Allocation assignment is not registered on the WAL Register because this dealing only operates at the level of water allocation accounts. The audit team sighted the Customer Helpdesk System and the Water Accounting System that supports this process. A QA/QC measure to ensure temporary trades comply with cl. 47 (regarding assignment of allocations between certain management zones or groundwater sources) is that the Water Accounting System does not allow non-compliant dealings to be processed. A Water Assignment Checklist<sup>48</sup> supports the return of incorrect or incomplete applications to the applicant or agent.

There were 36 allocation dealings (temporary trades) and 5 assignments of rights dealings (permanent trades) for the NSW Murray Darling Basin Porous Rock Groundwater Sources during the audit period.<sup>49</sup> The audit team reviewed these trades and found no evidence of non-compliance based on publicly available information.<sup>50</sup>

## Criterion: Part 11 Mandatory conditions

### **Areas examined**

The audit team examined systems and procedures to check that WALs and water supply work approvals have the required mandatory conditions to give effect to the WSP rules. The audit team also examined the oversight of compliance with these mandatory conditions that give effect to the WSP. The audit team reviewed information regarding compliance activities during the audit period.

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<sup>44</sup> The Licensing procedure manual, Operations section: Water access licence dealings – January 2015

<sup>45</sup> Dealing Assessment Checklist 71W, Dealing Assessment Checklist 71P, Dealing Assessment Checklist 71Q,

<sup>46</sup> The Licensing procedure manual, Operations section: Water access licence dealings – January 2015

<sup>47</sup> WNSW-0087\_Water Allocation Procedure - UNDER REVIEW.

<sup>48</sup> Checklist Application to Assign Surface Water Allocation, Checklist Application to Assign Groundwater Allocation

<sup>49</sup> NSW Water Register

<sup>50</sup> Assessment advice (based on NSW Water Register)

## Conclusion

The audit team found that mandatory conditions are currently drafted and coded into the Water Licensing System by NRAR. WaterNSW and NRAR follow a documented procedure using the Water Licensing System to assess applications for WALs and water supply work approvals in which the coded mandatory conditions are applied to WALs and water supply work approvals.<sup>51</sup>

The audit team found that there was a delay in giving effect to mandatory conditions.<sup>52</sup> For the WSP for the NSW Murray Darling Basin Porous Rock Groundwater Sources 2011 this delay was approximately 6 months from when the plan took effect on 1 July 2012. The written notice of conditions to holders of WALs and water supply work approvals was sent in January 2013.<sup>53</sup> During the period of delay, regulatory arrangements remained in force under the Water Act 1912 and/or savings and transitional provisions of the Water Management Act 2000.

The audit team found that the role of oversight of compliance has shifted a number of times throughout the audit period and has consisted of both reactive and proactive mechanisms. The audit team found that the oversight in place during the audit period depended on reactive investigations following the report of an alleged breach and that proactive monitoring of compliance with mandatory conditions by NRAR had not commenced.

## Findings against criterion lines of inquiry

### ***Were the mandatory conditions given effect from the date of the WSP having effect?***

For the mandatory conditions to be given effect, written notice of conditions to holders of WALs and water supply work approvals is required. The written notice of conditions to holders of WALs and water supply work approvals was sent in January 2013. The audit team found that there was a delay in giving effect to mandatory conditions. For the WSP for the NSW Murray Darling Basin Porous Rock Groundwater Sources 2011 this delay was approximately 6 months from when the plan took effect. Part 11 cl. 50, cl. 51 and cl. 52 of the WSP require WALs and water supply work approvals to have mandatory conditions to give effect to various rules in the WSP. During the period of delay, regulatory arrangements remained in force under the Water Act 1912 and/or savings and transitional provisions of the Water Management Act 2000. The audit team found no evidence to assess the material impact of this delay. The audit team understand that during the delay period, holders of WALs and water supply work approvals were subject to their Water Act licence conditions, which can be more or less stringent than the conditions required to be imposed by the WSP.

Officers of DPIE Water, WaterNSW and NRAR showed and described to the audit team the systems and procedures for developing mandatory conditions on WALs and water supply work approvals, to give effect to WSP rules. While systems and procedures were in place, the audit team concluded that the process lacked consistency and assurance across the state and the net effect was that notification of mandatory conditions was not timely to give effect to WSP rules during the entire audit period.

See [Criterion: Part 5 Requirements for water](#) for commentary on the conversion of licences under the Water Act 1912 to the Water Management Act 2000 and audit report scope.

### ***Are there policies in place on the requirements for access licences to have mandatory conditions to give effect to rules in the WSP?***

The plan sets out provisions that will be applied as mandatory conditions to WALs and water supply work approvals. These mandatory conditions are designed to protect the rights of all users in the groundwater source and to give effect to the environmental water rules of the plan. They cannot be removed or altered unless the plan itself is amended.

The audit team found that mandatory conditions are applied to WALs through the Water Licensing System. The Licensing Procedure Manual, Operations section: conditions<sup>54</sup> documents the processes by which

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<sup>51</sup> Licensing Procedure Manual, Operations section: conditions

<sup>52</sup> Notification of conditions and compliance reporting

<sup>53</sup> Notification of conditions and compliance reporting

<sup>54</sup> Licensing Procedure Manual, Operations section: conditions

WaterNSW and NRAR officers follow to process and grant WALs with the necessary conditions to give effect to the relevant rules in the WSPs.

The audit team reviewed a random sample of WALs from the NSW Murray Darling Basin Porous Rock Groundwater Sources 2011 and reviewed the mandatory conditions applied to them and found no evidence that WALs currently (in 2019) lack the required mandatory conditions required to give effect to the requirements of cl. 51 of the WSP.<sup>55</sup>

***Are there policies in place on the requirements for water supply approvals to have mandatory conditions to give effect to the requirements of Part 11 of the WSP?***

The audit team found that mandatory conditions are applied to water supply work approvals through the Water Licensing System. The WLS Approval Transactions Module (ATM) - New approvals - Specification<sup>56</sup> documents the procedures assessing officers follow to process applications and ensure that applications are made in accordance with relevant legislation and policy requirements. The six broad steps in the system include receiving the application, accepting the application, assessment, recommendation, determination and notification of applicant. At the recommendation stage, the assessing officer specifies the conditions. An assessment sheet<sup>57</sup> for approvals supports the decision-making process and ensures the application is permitted under the relevant legislation including the WSP.

The audit team reviewed a random sample of water supply work approvals from NSW Murray Darling Basin Porous Rock Groundwater Sources 2011 and reviewed the mandatory conditions applied to them and found no evidence that the approvals currently (in 2019) lack the required mandatory conditions required to give effect to the requirements of Part 11 of the WSP.<sup>58</sup>

***What processes are in place for verifying meters and logbooks? Is there any QA process?***

The audit team was advised that where meters are required by a WAL condition, they are read by WaterNSW Customer Field Officers (CFO) for the purpose of “determining water take and collating customer usage for billing and revenue collection”.<sup>59</sup> The audit team was also advised that under 91H of the Water Management Act 2000, installation and maintenance of a meter is required where conditions of a licence or approval require such, when directed or pursuant to regulations. The meter reading procedure<sup>60</sup> outlines the processes used by CFOs when reading water meters and monitoring their legal take. Part of this process includes inspecting the meter and ensuring that it is operating properly by one or more of checking methods outlined in the procedure. If a breach is suspected, the procedure requires CFOs to record compliance notes and submit an Alleged Breach Notification to NRAR. The audit team was advised that the frequency of water meter readings varies according to business requirements and risk factors such as extraction and compliance history.

The audit team was advised that there is no formal process in place to check that logbooks are kept in line with mandatory conditions on WAL or verify their contents. The audit team was also advised that logbooks are not required for billing purposes as WAL holders are charged under a one- or two-part tariff. The two-part tariff utilises water use data from alternate methods to logbook checks such as self-reporting through iWAS.

The audit team notes that a new metering framework (NSW Non-Urban Water Metering Policy) commenced on 1 December 2018 and will require verification or installation of compliant and verified meters through a staged roll-out over five years.<sup>61</sup>

***Is there oversight to ensure that conditions imposed on water access licences and water supply works are followed by water licence holders?***

The audit team found that the role of monitoring, investigating and enforcing compliance is now held by NRAR. The NRAR Establishment Plan outlines a number of strategies that NRAR will provide on an ongoing basis to address enduring regulatory risks and issues, including compliance with conditions imposed on WALs and

<sup>55</sup> WAL numbers: 29489, 27905, 27918, 29462 and 30281

<sup>56</sup> WLS Approval Transactions Module (ATM) - New approvals - Specification

<sup>57</sup> Assessment Sheet – Water Use Approval and or Water Supply Work Approval

<sup>58</sup> Approval numbers: 80WA707475, 80CA706134, 60WA582837, 70WA610246 and 80CA707509

<sup>59</sup> WaterNSW Meter reading and determining water take procedure (under review)

<sup>60</sup> WaterNSW Meter reading and determining water take procedure (under review)

<sup>61</sup> See <https://www.industry.nsw.gov.au/water-reform/metering-framework>

water supply work approvals. Some of these processes have already commenced, while others are yet to commence. The audit team found that reactive processes that respond to alleged breaches are in place; however, proactive monitoring and compliance auditing had not commenced during the audit period. The audit team notes that in April 2019, NRAR published a “Regulatory Priorities” document.<sup>62</sup>

As a recently established regulator, NRAR has some interim procedures that have been inherited from the former DoI Water and the former DPI Water. The NRAR Establishment Plan 2018 outlines the intent to develop its own processes and procedure manuals in ‘Program 4: Capability development – systems and processes’.<sup>63</sup>

NRAR also plans to increase compliance with the legislation through education strategies that inform the regulated community about the rules, guiding them to work within the rules and raising awareness about the consequences of noncompliance.<sup>64</sup> The audit team was provided evidence of a draft education strategy.<sup>65</sup> In addition to the Regulatory Priorities publication, the audit team was also informed (but has not sighted) that NRAR has prepared a draft Monitoring and Audit business plan, which will be finalised and commenced in mid-2019. In addition, NRAR has committed to undertake auditing related to water metering through the Murray-Darling Basin Compliance Compact.<sup>66</sup>

The procedures and system for managing reactive responses to alleged breaches have been inherited from the former DPI – Water.<sup>67</sup> The audit team was advised that approximately 483 legacy alleged breach notifications (ABN) were inherited by NRAR; investigating and responding to these ABNs was a priority for the regulator. Alleged breaches may be reported by the general public or government employees through the water compliance hotline (phone), email or an online reporting form.

ABNs are managed in a system called CIRaM (Compliance Investigation Reporting and Management). New NRAR cases go through a process referred to as risk triage<sup>68</sup> before the case is assigned to a team for investigation. Alleged breaches that are identified by NRAR through proactive monitoring (not in place during the audit period) will also be managed through this system. NRAR has developed guidelines for prosecution<sup>69</sup>, and has an Enforcement Committee to review enforcement recommendations made by officers. The terms of reference also state that “the Committee may undertake random reviews of enforcement work to provide feedback on the process and decisions to ensure consistency of approach between teams”.<sup>70</sup>

The audit team found evidence of some monitoring and compliance auditing conducted by DPI Water across NSW over the years 2012 to 2017<sup>71</sup>, but could not find any information on proactive monitoring for the period August 2017 to December 2018. Over the period between 2012 to 2015, only 61 proactive audits occurred at sites in unregulated rivers across NSW. A separate monitoring program named Water Regulation Education and Audit Project (WREAP) was conducted between February 2015 and July 2017 where 14 noncompliance cases were identified from 241 audits. It is unknown which water types were targeted because this information was not reported on at the time and organisational knowledge has been lost.

The National Framework for Compliance and Enforcement Systems for Water Resource Management Report<sup>72</sup> describes DPI Water’s previous program of monitoring and compliance audit between February 2012 and December 2015. A total of 19,966 audits of water supply work approvals, related approvals and WALs were conducted during this period, 2,649 of these related to surface water sources and the remaining 17,317 related to groundwater audits. Of the surface water audits, only 61 over the four-year period related to

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<sup>62</sup> NRAR Regulatory Priorities March 2019 – March 2021. Available at [https://www.industry.nsw.gov.au/\\_\\_data/assets/pdf\\_file/0020/227324/NRARs-regulatory-priorities-2019-to-2021.pdf](https://www.industry.nsw.gov.au/__data/assets/pdf_file/0020/227324/NRARs-regulatory-priorities-2019-to-2021.pdf)

<sup>63</sup> NRAR Establishment Plan 2018

<sup>64</sup> NRAR How the Natural Resources Access Regulator delivers outcomes-focused and risk-based regulation January 2019

<sup>65</sup> NRAR-Education Strategy final draft\_31.01.19

<sup>66</sup> <https://www.mdba.gov.au/publications/independent-reports/basin-compliance-compact>

<sup>67</sup> Managing alleged breach notifications – Interim guidance for responding to notifications of alleged breaches

<sup>68</sup> NRAR Instructions for triage processes, Triage workflow diagram

<sup>69</sup> Enforcement Committee Terms of Reference December 2018

<sup>70</sup> Enforcement Committee Terms of Reference December 2018

<sup>71</sup> National framework for compliance and enforcement, systems for water resource management, Final report to the Commonwealth, NSW 2016

<sup>72</sup> National Framework for Compliance and Enforcement Systems for Water Resource Management Report, Final Report to the Commonwealth, New South Wales 2016

unregulated surface water. It is unknown whether any of these audits were of the WSP for the NSW Murray Darling Basin Porous Rock Groundwater Sources 2011. This information was not available because knowledge has been lost in restructures of the Department and the transfer of the compliance function to NRAR.

The overall rate of detected non-compliance resulting from the auditing between February 2012 and December 2015 was 1.4% in groundwater compared to 8.7% for surface water. The audit team did not have the information to identify whether any of these audits occurred in the WSP for the NSW Murray Darling Basin Porous Rock Groundwater Sources 2011.

The audit team found inadequate evidence that Part 11 was being given effect to in full due to a lack of oversight of compliance with the mandatory conditions during the audit period. The audit team was unable to determine whether NRAR's oversight of compliance was adequate as the proactive function had not commenced during the audit period. This should be followed up in future audits.

The types of regulatory responses or compliance activities that NRAR may issue or pursue include advisory letters, formal warnings, penalty infringement notice, statutory notices, or prosecutions. Since plan commencement the number of finalised compliance activities relating to the WSP for the NSW Murray Darling Basin Porous Rock Groundwater Sources 2011 is seven.<sup>73</sup> While information was available on the number of different compliance activities that had occurred, there were no outcomes-based performance indicators such as an estimated rate of compliance within the WSP area (or the state). In public information, NRAR announced in July 2019 that it has doubled its initial staffing, tripled the number of penalty notices, issued four times as many directions to remove unlawful water management works and finalised 80% of the initial legacy case load.<sup>74</sup> In addition, NRAR now publishes quarterly reports on compliance, investigation and enforcement activity.<sup>75</sup>

**The provisions that were not being given effect to:**

From the date of effect of the WSP for the NSW Murray Darling Basin Porous Rock Groundwater Sources 2011 until January 2013, Part 11 cl. 50, cl. 51 and cl. 52 were not given effect with regard to the application of the mandatory conditions and written notice to holders of WALs and water supply work approvals.

The audit team were advised that the following broad factors have contributed to this issue:

- lack of appropriate resourcing for drafting and coding mandatory conditions in time for WSP commencement
- lack of recognition of the complexity of applying WSP rules to WALs and water supply work approvals as mandatory conditions
- lack of clear responsibility within and between agencies for drafting the mandatory conditions over the audit period
- transition of responsibilities between agencies and restructures within agencies
- lack of adequate documented procedures of the responsibilities for giving effect to mandatory conditions.

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<sup>73</sup> NRAR-0083\_Issue 11 – Offence count by WSP. The accuracy of this data is limited because it has been extracted based on local government areas that fall within the WSP area

<sup>74</sup> “Water regulator marks first anniversary with an 80 percent increase in cases finalised”, media release, NRAR, 2 July 2019.

<sup>75</sup> <https://www.industry.nsw.gov.au/natural-resources-access-regulator/reports-data>



### Recommendation 3

**Finding:** The audit team found that Part 11 cl. 50, cl. 51 and cl. 52 of the WSP for the NSW Murray Darling Basin Porous Rock Groundwater Sources 2011 were not being given effect from the date of the WSP having effect on 1 July 2012 until January 2013. Written notice of the mandatory conditions that apply to WALs and water supply work approvals was not sent to holders until the WSP had been in effect for approximately 6 months. During the period of delay, regulatory arrangements remained in force under the Water Act 1912 and/or savings and transitional provisions of the Water Management Act 2000.

**Recommendation:** DPIE - Water to ensure that there is timely notification of mandatory conditions so they can be given effect to.

**Likelihood assessment:**

If the clauses are not being given effect to, then in the opinion of the audit team, the likelihood of not meeting the intended objectives of the WSP is **high**. Without the written notice of mandatory conditions to WAL holders over the 6 month-period, the access rules and other WSP clauses that require mandatory conditions may not be given effect.

  
Very low

  
Low

  
Medium

  
High

  
Very high

**The provisions that were not being given effect to:**

Procedures and systems to ensure Part 11 is given effect in regarding oversight of compliance with mandatory conditions were not established during the audit period.

The audit team was advised that the following broad factors have contributed to this issue:

- the lack of resourcing for proactive compliance auditing in the past<sup>76</sup>
- the recent establishment of NRAR and the time required to plan and build capability
- proactive monitoring of compliance (initiated from 2018) is focussed on higher risk areas and issues and it is not clear whether any residual monitoring of compliance in lower risk areas and issues occurs
- the competing priority of investigating legacy alleged breach notifications.<sup>77</sup>

<sup>76</sup> Water: compliance and enforcement, A Special Report to Parliament under section 31 of the Ombudsman Act 1974, NSW Ombudsman, 17 August 2018

<sup>77</sup> Audit interview notes

#### Recommendation 4

**Finding:** The audit team found inadequate evidence that Part 11 of the WSP for the NSW Murray Darling Basin Porous Rock Groundwater Sources 2011 was being given effect to in full due to a lack of oversight (during the audit period) of compliance with the mandatory conditions that apply to WALs and water supply work approvals. During the audit period, NRAR had not established a proactive compliance auditing plan or strategy.

**Recommendation:** NRAR to give effect to Part 11 cl. 50, cl. 51 and cl. 52 of the WSP to ensure there is oversight of compliance with the mandatory conditions that give effect to the WSP.

**Likelihood assessment:**

If the clauses are not being given effect to, then in the opinion of the audit team, the likelihood of not meeting the intended objectives of the WSP is **high**. Without information about rates of noncompliance water managers and water users lack information as to whether the plan objectives have been met.



#### Criterion: Part 12 Amendment of this Plan

**Areas examined**

The audit team examined processes, procedures and guidelines in place for managing WSP amendments.

**Conclusion**

The audit team found some documented processes and tools in place for management of WSP amendments by DPIE Water.

**Recommendation**

No recommendations are made with respect to giving effect to Part 12.

**Findings against criterion lines of inquiry**

***What processes, procedures and guidelines are in place for managing WSP amendments (is there a schedule and consultative arrangements)?***

Part 12 allows amendments to be made to certain provisions over the life of the plan to allow for adaptive management.

The process of amendments is documented in a flowchart.<sup>78</sup> The Amendment Register<sup>79</sup> is a tool that has been used by DPIE Water to document and manage WSP issues that may require amendments. The Amendment Register is reviewed to determine the priority of amendments. If the amendment requires public consultation, this may occur through existing Stakeholder Advisory Panels, targeted consultation or public exhibition, depending on the proposed amendment. Following consultation, a policy officer drafts an amendment order, it is reviewed by planning staff including a manager/team leader and by legal. Legal advice may be incorporated into the order before a final review.

***Was the WSP amended? Were the WSP amendment provisions followed? Is there a schedule and consultation arrangements in place relation to amendments?***

The audit team found plan amendments made to date were allowed by the Part 12. The audit team were advised that that the level of consultation is guided by the scale of the amendment and who it is likely to

<sup>78</sup> Amendment order process (flowchart)

<sup>79</sup> WSP Amendments Register shell

impact. Consultation arrangements have been, and are, in place for future amendments through the Stakeholder Advisory Panels<sup>80</sup> or other similar existing community groups, targeted consultation or public exhibition processes.

***How did amendments consider monitoring, evaluation and reporting of the performance indicators?***

The audit team found no evidence that amendments considered the monitoring of performance indicators and evaluation of water sharing plans. This is discussed in detail in the section related to Part 2.

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<sup>80</sup> DOI-0045\_12\_Stakeholder-advisory-panel-terms-of-reference, DOI-0044\_12\_Agenda-All-Stakeholder-Advisory-Panel-SAP-meeting-2

## Appendix 1 Audit Criteria, method of testing and evidence sources

Criteria	Lines of Inquiry	Method of testing	Sources of evidence (including but not limited to)
WSP Part			
<b>There are arrangements in place to give effect to the WSP provisions</b>	<p>Is there clear delineation of roles and responsibilities for giving effect to WSP provisions?</p> <p>Is there overall documentation that operationalizes WSP provisions to enable them to be given effect? This may include manuals, guidelines and decision trees.</p> <p>As per WSP provisions are there system operation rules for operating dam releases, weirs, regulators, AWDs, plans for the monitoring of performance indicators and evaluation of water sharing plans, the register of shares, water accounts and associated manuals and procedures.</p> <p>Is there data management that supports the WSP implementation,</p> <p>Are there systems for QA/QC systems, risk management, data collection, verification and management and modelling QA?</p> <p>Are there arrangements for the monitoring of performance indicators and evaluation of water sharing plans, on whether the plan objectives are being met and have they been reported to government within the required timeframe?</p>	<p>Review documentation,</p> <p>Interview auditee agencies' staff</p> <p>Review data</p>	<p>Documentation:</p> <ul style="list-style-type: none"> <li>• delegations, organisation business plans or work area plans setting out responsibilities</li> <li>• schedule of timing of key actions, reports etc</li> <li>• operating manuals</li> <li>• decision trees</li> <li>• workflow guidance</li> <li>• QA/QC systems</li> <li>• risk management plans/policy</li> <li>• water Registers</li> <li>• data management policy, procedures and systems.</li> </ul>

Criteria	Lines of Inquiry	Method of testing	Sources of evidence (including but not limited to)
<b>WSP Part</b>			
<p><b>Part 2 Vision, objectives, strategies and performance indicators</b></p> <p><b>There are systems and processes in place to monitor [and report on] the performance indicators of the WSPs.</b></p>	<p>Are there plans/systems/processes in place to monitor the performance indicators of the WSPs?</p> <p>Are there plans/systems/processes in place to report on the performance indicators of the WSPs?</p>	<p>Reviewing the arrangements for the monitoring of performance indicators and evaluation of water sharing plans and the subsequent reporting to government</p>	<ul style="list-style-type: none"> <li>• M&amp;E plans and reports</li> <li>• framework of data requirements for performance indicators and meet reporting obligations</li> <li>• delegations, organisation business plans or work area plans setting out responsibilities</li> <li>• schedule of timing of key actions, reports etc.</li> </ul>
<p><b>Part 3 Bulk access regime</b></p> <p><b>Part 4 Planned environmental water provisions</b></p> <p><b>Part 5 Requirements for water</b></p>	<p>Part 3 establishes the Bulk access regime and Part 4 establishes Planned environmental water provisions. The audit has considered Part 3 Bulk access regime and Part 4 Planned environmental water provisions by considering the operative parts of the plan which have been “called up” by Part 3 and Part 4.</p> <p>Part 5 establishes the requirements for water in the relevant water sources, including the total shares for WALs. The policy, processes, systems and procedures to manage share components are described under the criterion “There are arrangements to give effect to WSP Provisions”. Related policy, processes, systems and procedures with respect to available water determinations and dealings are described under the criteria for Part 6 and Part 10.</p>	<p>Not applicable</p>	<p>Not applicable</p>

Criteria	Lines of Inquiry	Method of testing	Sources of evidence (including but not limited to)
<p>WSP Part</p> <p><b>Part 6 Limits to the availability of water</b></p> <p><b>Policies, processes, systems and procedures for the management of water available for extraction on a long-term basis in these groundwater sources</b></p>	<p><u>Division 1 Long term average annual extraction limit</u></p> <p>Has the long-term average annual extraction limit been managed in accordance with the clauses in Division 1 for this resource?</p> <p>Where discretionary judgement is to be applied is there clarity in regard to roles, responsibilities and oversight and process?</p> <p><u>Division 2 Available water determinations</u></p> <p>Are there policy, processes, systems and procedures in place for making available water determinations in line with the rules?</p>	<p>Document and data review</p> <p>Interview auditee agencies' staff</p>	<ul style="list-style-type: none"> <li>operational manual</li> <li>QA/QC process and reports</li> <li>data management policy, procedures and systems</li> <li>decision trees.</li> </ul>
<p><b>Part 7 Rules for granting access licences</b></p> <p><b>Policy, processes, systems and procedures for complying with the water allocation rules, flow classes and daily access rules.</b></p>	<p>Are there guidelines to give effect to the provisions for granting access licences i.e. guidance to decision makers?</p> <p>Is there a QA/QC process to ensure the rules are being given effect?</p>	<p>Document and data review</p> <p>Interview auditee agencies' staff</p>	<ul style="list-style-type: none"> <li>manuals, guidelines</li> <li>QA/QC process and reports</li> <li>appropriate security and anticorruption measures.</li> </ul>

Criteria	Lines of Inquiry	Method of testing	Sources of evidence (including but not limited to)
WSP Part			
<p><b>Part 8 Rules for managing access licences</b></p> <p><b>Policy, processes, systems and procedures for complying with rules for managing access licences.</b></p>	<p><u>Water allocation management rules</u></p> <p>How are individual water allocation account management rules administered and managed?</p> <p>Are roles, responsibilities, decision makers and oversight clear and understood by agencies and stakeholders?</p> <p>Is there a QA/QC process to ensure they are being given effect to in line with the plan?</p> <p>How are the auditee agencies assuring that water is being accounted for consistently and transparently?</p>	<p>Document and data review</p> <p>Interview auditee agencies' staff</p>	<ul style="list-style-type: none"> <li>• water accounts/registers</li> <li>• operating model, including workflow processes</li> <li>• QA/QC on data and compliance with the rules</li> <li>• appropriate security and anticorruption measures</li> <li>• data management policy, procedures and systems</li> <li>• information available to licensees/ approvals holders (e.g. flow rates, water levels, allocations).</li> </ul>

Criteria	Lines of Inquiry	Method of testing	Sources of evidence (including but not limited to)
<p>WSP Part</p> <p><b>Part 9 Rules for water supply works approvals</b></p> <p><b>There are processes, systems and procedures for complying with rules for granting or amending water supply work approval for water supply works that take either surface or groundwater, and for using water supply works used to take groundwater</b></p>	<p>Divisions 1 and 2 Rules applying to granting or amending water supply works approval for water supply works that take surface water/ground water.</p> <p>How do the auditee agencies ensure rules applying to water supply works are applied and adhered to?</p> <p>Are roles, responsibilities, decision makers and oversight clear and understood by agencies and stakeholders?</p> <p>Is there a QA/QC process to ensure they are being given effect to in line with the plan?</p>	<p>Document and data review</p> <p>Interview auditee agencies' staff</p> <p>Interview WNSW &amp; NRAR staff<sup>81</sup></p>	<ul style="list-style-type: none"> <li>• Operating manual</li> <li>• QA/QC process and reports</li> <li>• Data management policy, procedures and systems</li> <li>• Information available to licensees / approvals holders (e.g. flow rates, water levels, allocations).</li> </ul>
<p><b>Part 10 Access licence dealing rules</b></p> <p><b>Policies, processes, systems and procedures for compliance with access licences dealing rules.</b></p>	<p>How do the auditee agencies ensure access licence dealing rules are applied and adhered to?</p> <p>Are roles, responsibilities, decision makers and oversight clear and understood by agencies and stakeholders?</p> <p>Is there a QA/QC process to ensure they are being given effect to in line with the plan?</p> <p>Is there a process for dealings (as prescribed by section 71A of the Act) to ensure that such dealings are reflected in the Access Register?</p>	<p>Document and data review</p> <p>Interview auditee agencies' staff</p>	<ul style="list-style-type: none"> <li>• water registers and accounts</li> <li>• workflows and manuals</li> <li>• QA/QC processes and reports</li> <li>• appropriate security and anticorruption measures</li> <li>• data management policy, procedures and systems.</li> </ul>

<sup>81</sup> Interviews with NRAR staff were conducted during the Pilot and Tranche 1 audits (this WSP was audited in Tranche 3).



Criteria	Lines of Inquiry	Method of testing	Sources of evidence (including but not limited to)
WSP Part			
<b>Part 11 Mandatory Conditions Policies, processes, systems and procedures to ensure access licences have the required mandatory conditions when required to give effect to the outcomes listed in Divisions.</b>	<p>Are there policies in place on the requirements for access licences and supply work approvals to have mandatory conditions to give effect to rules in the WSP?</p> <p>What processes are in place for verifying and QA/QC meters, logbooks, WALs and water supply work approvals?</p> <p>Is there oversight to ensure that conditions imposed on WALs and water supply work approvals are followed by holders?</p>	<p>Document and data review</p> <p>Interview auditee agencies' staff</p>	<ul style="list-style-type: none"> <li>• QA/QC processes and reports</li> <li>• appropriate security and anticorruption measures</li> <li>• data management policy, procedures and systems</li> <li>• asset management.</li> </ul>

Criteria	Lines of Inquiry	Method of testing	Sources of evidence (including but not limited to)
WSP Part			
<b>Part 12 Amendment of this plan</b>	<p>What processes, procedures and guidelines are in place for managing WSP amendments?</p> <p>Where the WSP has been amended, how did this consider the WSP Amendment provisions?</p> <p>Is there a schedule and consultation arrangements in place relation to amendments?</p> <p>How did amendments consider monitoring of the performance indicators and evaluation of water sharing plans?</p>	<p>Document and data review</p> <p>Interview auditee agencies' staff</p>	<ul style="list-style-type: none"> <li>• Delegations of statutory functions; WSP Implementation Plans; Organisational business plans, work area plans</li> <li>• QA/QC system / process</li> <li>• Water resource modelling - model capability reports and QA; workflows for routine runs (e.g. LTAAEL; allocations); model audit/review schedule</li> <li>• Schedule of time-dependent actions and reports</li> <li>• Consultative arrangements (to the extent required by WSP provisions)</li> <li>• MER Framework, data requirements for performance indicators and meeting reporting obligations.</li> </ul>



## Appendix 2 Likelihood Assessment Rating Criteria

The audit team have considered the risk of the recommendations in the following way. The event of interest for this risk assessment is that the objectives of a given WSP are not met. Risk is evaluated by assessing likelihood and consequence. The consequence of the objectives of a WSP not being met may depend on different administrative, regulatory, economic, social and environmental circumstances relevant to each WSP and is not included as part of this assessment.

The likelihood of the objectives of the WSP not being met depends on the importance to the WSP of any provisions that are not being given effect to. The likelihood assessment is based on the professional judgement of the audit team.

The following likelihood ratings are used in this assessment.

**Table 3. Likelihood criteria**

<b>Rating</b>	<b>Description</b>
Very High	Risk will occur
High	Risk is likely to occur
Medium	Risk may occur
Low	Risk not likely to occur
Very Low	Risk will only occur in exceptional circumstances

## Appendix 3 Responses from auditee agencies to draft audit report



Our ref: OUT19/11454

Alluvium Consulting

Email to:

Dear

**Subject: Response to section 44 water sharing plans compliance audit reports – 25 reports**

Thank you for providing the Department with the 25 draft audit reports completed by Alluvium Consulting.

As noted in previous correspondence, while the results were to some degree expected, we have already made substantial progress towards addressing many of the fundamental issues that have been raised. Our previous letters in response to the provision of the first two tranches of reports discussed some key reform areas relevant to all water sharing plans, and provided some detailed comments with respect to individual reports.

The enclosed table provides advice in response to issues common to all of the audits and in response to some specific issues identified for individual water sharing plans. It also includes specific comments in relation to the additional issue of the delay in giving effect to mandatory conditions, as identified in your letter of 22 August 2019. The table does not deal with minor typographical corrections that may be required.

I note that Appendix 3 does not contain any information at the moment. I request that a copy of Appendix 3 is provided for each report before the reports are released.

Yours sincerely

A handwritten signature in blue ink that reads 'Jim Bentley'.

**Jim Bentley**  
Chief Executive Officer – Water (Deputy Secretary)  
Water Group

1 October 2019

### Comments and suggested editorial corrections in relation to all draft audit reports

No	Reference	Audit Statement	COMMENT	ACTION
1.	Various reports Appendix 1 Parts 3 & 4	Appendix 1 to some reports contains a statement that the bulk access regime does not establish any independent provisions, rules or other matters to be implemented.	<p>Appendix 1 appears to be inconsistent between reports in relation to this issue. For those reports in which Appendix 1 contains a statement that the bulk access regime does not establish any independent provisions, rules or other matters to be implemented, the Department recommends reconsidering this expression in reports where it is used as we believe it could be improved. The audit has in effect examined whether the bulk access regime has been given effect to because it is all of the provisions, rules and other matters in the other parts of the WSP.</p> <p>This may be better restated to note that the bulk access regime is established under Part 3 but by reference to other provisions of the water sharing plan. Therefore, the audit has considered the bulk access regime but by considering the operative parts of the plan which have been "called up" by Part 3.</p>	Request that the authors revise Appendix 1 for all reports for consistency and to reflect the body of the reports.
2.	3 Audit findings Criterion (1) There are departmental arrangements to give effect to WSP Provisions	<p>Audit found gaps in Department procedures to operationalise WSPs.</p> <p>Audit found no single document describing interrelated roles of agencies that clearly define how WSP provisions are operationalised or each agency's role in operationalising WSP provisions.</p>	<p>It is acknowledged that roles and responsibilities at a high level are not well defined between and within agencies. Regulated river water sharing plans are currently being redrafted to better clarify agency roles in the implementation of particular rules. The Department is working on a review of the WaterNSW Operating Licence in consultation with WaterNSW with the intent of providing greater clarification of each agencies' role in relation to WSP implementation.</p> <p>The Department is investing to increase the resourcing required to implement WSPs. Recruitment has commenced to expand the existing Water Planning Implementation Unit within the Water Group to service conditioning of water access licences and is considering resourcing models to service the full range of water sharing plan implementation activities, including evaluation and reporting. Implementation programs for water sharing plan will be developed that clearly articulate each agency's role, responsibilities and timing for implementation activities</p>	Request that the authors revise this text

			<p>The Department is investing to increase the resourcing required to implement WSPs. Implementation plans will be developed across NSW, and will clearly articulate each agencies' roles, responsibilities and timing for implementation activities.</p> <p>We also note that a significant number of WSPs are being amended to meet Basin Plan requirements. Implementation plans will be put in place once the amendments are finalised.</p> <p>Also see entry at item 5 against the Part 6 criterion.</p>	
3.	3 Audit findings Criterion Part 2	<p>Audit found limited evidence of targeted monitoring and no evidence of reporting on monitoring activities against the WSP performance indicators.</p> <p>Audit team found no evidence of finalised plans or processes in place to monitor performance indicators.</p>	<p>Similar findings were found as part of departmental implementation audits and Natural Resources Commission water sharing plan term reviews in 2013. The Department acknowledges that monitoring, evaluation and reporting (MER) will require a shift from previous practices and an ongoing commitment.</p> <p>The audit team was provided with a range of material outlining monitoring of performance indicators as part of implementing WRPs for the Murray-Darling Basin. Implementation of these plans will commence from 2019.</p> <p>The Department has undertaken a review of WSP objectives and performance indicators and has undertaken substantial revision of the approach to setting objectives. The approach follows best practice for setting objectives and evaluating WSPs, and is documented in <a href="https://www.industry.nsw.gov.au/data/assets/pdf_file/0005/172373/guidelines-for-setting-and-evaluating-plan-objectives.pdf">https://www.industry.nsw.gov.au/data/assets/pdf_file/0005/172373/guidelines-for-setting-and-evaluating-plan-objectives.pdf</a></p> <p>Further, an MER framework has been developed for all valleys and draft individual MER plans have now been developed for each Basin WSP area. These MER plans use the outcomes of water resource plan risk assessments to guide the extent of performance monitoring effort within each WSP area. This approach will also be expanded to coastal WSPs. Example MER plans can be found in each of the water resource plan packages currently on public exhibition (see an example at <a href="https://www.industry.nsw.gov.au/data/assets/pdf_file/0020/201908/macquarie-castlereagh-schedule-j-monitoring-evaluation-and-reporting-plan.pdf">https://www.industry.nsw.gov.au/data/assets/pdf_file/0020/201908/macquarie-castlereagh-schedule-j-monitoring-evaluation-and-reporting-plan.pdf</a>)</p>	Request that the authors revise this text

<p>4.</p>	<p>3 Audit findings Criterion: Part 2 Vision, objectives, strategies and performance indicators Findings against criterion lines of inquiry</p>	<p>In March 2018, DPIE - Water published a Monitoring, Evaluation and Reporting (MER) framework for the Basin Plan implementation. This includes a framework for monitoring and reporting on WSP requirements<sup>30</sup>. MER Plans are being developed for all NSW Basin and coastal valleys that will contain monitoring targeted at meeting WSP reporting requirements.</p>	<p>This may be read as implying that the MER plans are for surface waters only, which is incorrect.</p> <p>There is a single MER plan for MDB groundwater WRPs that contains information specific to each groundwater WRP area. Groundwater WRP areas do not align with surface water WRP areas or valley boundaries. They may be smaller (for instance NSW Border Rivers Alluvium WRP area), or much larger (for instance NSW MDB Fractured Rock underlies almost all of the NSW MDB area).</p> <p>We suggest that the authors consider revising this statement to include a reference to groundwater, for example: “MER Plans are being developed for all NSW Murray-Darling Basin water resource plan areas (including groundwater) and coastal valleys”.</p>	<p>Request that the authors revise the text to include reference to groundwater MER</p>
<p>5.</p>	<p>3 Audit findings Criterion Part 6</p>	<p>Audit found Part 6 (assessment and compliance of LTAAELs) was only partially being given effect to.</p>	<p>Steps are already being taken to address these gaps, including in the unregulated river systems where it has been more difficult to determine compliance.</p> <p>In the unregulated Murrumbidgee, Murray and Lower Murray-Darling river systems take of water is limited and relatively small in volume when compared with the associated regulated systems. A risk based system has been informally put in place, with a focus on cap accounting in the regulated systems and LTAAEL accounting in the groundwater systems. Transitional SDL accounting in surface and groundwater systems is also an indicator of LTAAEL compliance. Note full SDL accounting requirements commenced on 1 July 2019.</p> <p>Further compliance with the LTAAEL in these unregulated plans has been difficult to determine to date as there are no numerical models or metering in place to undertake LTAAEL assessment. Notwithstanding this, monitoring against the plan limit will be addressed by the Department with the implementation of the Non-Urban Metering Regulations and</p>	<p>Suggest the authors consider revising text</p>



			<p>Policy and a greater focus on the implementation of WSPs. An overview of metering roll out dates can be found at:</p> <p><a href="https://www.industry.nsw.gov.au/_data/assets/pdf_file/0016/205450/Fact-sheet-preparing-for-the-roll-outdates-NSW-non-urban-water-metering-framework.pdf">https://www.industry.nsw.gov.au/_data/assets/pdf_file/0016/205450/Fact-sheet-preparing-for-the-roll-outdates-NSW-non-urban-water-metering-framework.pdf</a></p> <p>The Department is also developing a system to assess access conditions for unregulated rivers that will make it clear where and when water users can and cannot pump waters from unregulated rivers. This is expected to be in place in 2020.</p>	
6.	3 Audit findings Criterion Part 11 / 12	One of the questions the report addresses is whether “there is oversight to ensure that conditions imposed on WALs and water supply works are followed by water licence holders”.	<p>The WSPs require mandatory conditions to be imposed. NSW has established the Natural Resource Access Regulator (NRAR), which represents a significant investment in capacity to undertake compliance against conditions imposed on Water Access Licences (WALs) and water supply works approvals. NRAR is committed to undertaking both reactive, as well as proactive compliance.</p>	Request that the authors revise this text
7.	3 Audit findings Criterion Part 11 / 12	The audit team found that there was a delay in giving effect to mandatory conditions.	<p>The Department is working to impose mandatory conditions as part of the stronger focus on implementation of the WSPs. The Department is committed to expanding its implementation capacity, and a major task over the next six months is a focus on conversion of WSP clauses to conditions on water access licences.</p> <p>The Department notes that there is significant work relevant to all WSPs underway. Steps already being taken to address the timely notification of mandatory conditions to holders of water access licences and water supply works approvals in NSW include:</p> <ul style="list-style-type: none"> <li>• Clear delineation of responsibilities between WaterNSW and the Department, including the development and implementation of comprehensive protocols for licence conditioning;</li> <li>• Increased resources, led by the Planning Implementation team within DPIE Water, directed towards drafting mandatory conditions that give effect to new or amended water sharing plans;</li> </ul>	Request that the authors include text to acknowledge the commitments and work that is already in place and is underway

			<ul style="list-style-type: none"> <li>• Clear processes, including QA and approval protocols, to upload mandatory conditions onto water access licences and water supply work approvals in the Water Licensing System (WLS) database and written notification to licence and approval holders;</li> <li>• Appropriate access and training in WLS for all staff involved to ensure an adequate pool of expertise and continuity of service to cover staff absences and reassignment;</li> <li>• Processes to monitor, measure and record conditioning and notification outcomes against agreed key performance indicators.</li> </ul> <p>The audit looked at whether systems and procedures were in place to give effect to mandatory conditions but did not provide any comments on what was found about systems and procedures. The Department considers that it would be useful, and provide a more complete report, if the audit team note the extent to which systems and procedures were found to be in place. To have been able to notify the conditions at all suggests there were some systems and procedures in place.</p>	
<p>8.</p>	<p>3 Audit findings Criterion Part 11 / 12</p>	<p>Factors that contributed to giving effect to mandatory conditions</p>	<p>In relation to the factors contributing to the delay, the underlined editorial suggestions would better describe the factors:</p> <ul style="list-style-type: none"> <li>• <i>the lack of appropriate resourcing for drafting and coding mandatory conditions in time for <u>WSP commencement</u></i></li> <li>• <i>lack of recognition of the complexity of <u>applying WSP</u> rules to WALs and water supply work approvals as mandatory conditions</i></li> <li>• <i>the lack of clear responsibility within and between agencies for drafting the mandatory conditions over the audit period</i></li> <li>• <i>transition of responsibilities between agencies and restructures within agencies</i></li> <li>• <i>Lack of adequate documented procedures of the responsibilities for giving effect to mandatory conditions</i></li> </ul> <p>The Department does not consider that treating mandatory conditions drafting and notification as a project caused delay. Rather, the main contributing factor was the lack of resourcing.</p>	<p>Request that the authors revise this text</p>

			We therefore suggest that the audit team consider removing the last dot point.																	
9.	Recommendation 4	During the period of delay, regulatory arrangements remained in force under the Water Act 1912 and/or savings and transitional provisions of the Water Management Act 2000.	<p>For the reports specified below, this recommendation needs to clarify some water sources are excluded from the statement. These water sources were incorporated into the relevant audited plans at the end of the initial 2004 plan terms. Mandatory conditions would have been applied to water access licences and work approvals under the prior water sharing plan made under the <i>Water Management Act 2000</i>.</p> <table border="1"> <thead> <tr> <th>WSP audited</th> <th>Plan incorporated</th> </tr> </thead> <tbody> <tr> <td>WSP for the Castlereagh River Unregulated and Alluvial Water Sources 2011</td> <td>WSP for the Castlereagh River Above Binnaway Water Source 2003</td> </tr> <tr> <td>WSP for the Greater Metropolitan Region Unregulated River Water Sources 2011</td> <td>WSP for the Kangaroo River Water Source 2003</td> </tr> <tr> <td>WSP for the Gwydir Unregulated and Alluvial Water Sources 2012</td> <td>WSP for the Rocky Creek, Cobbadah, Upper Horton and Lower Horton Water Source 2003</td> </tr> <tr> <td>WSP for the Lachlan Unregulated and Alluvial Water Sources 2012</td> <td>WSP for the Mandagery Creek Water Source 2003</td> </tr> <tr> <td rowspan="3">WSP for the Murrumbidgee Unregulated and Alluvial Water Sources 2012</td> <td>WSP for the Adelong Creek Water Source 2003</td> </tr> <tr> <td>WSP for the Tarcutta Creek Water Source 2003</td> </tr> <tr> <td>WSP for the Upper Billabong Water Source 2003</td> </tr> <tr> <td>WSP for the Namoi Unregulated and Alluvial Water Sources 2012</td> <td>WSP for the Phillips Creek, Mooki River, Quirindi Creek and Warrah Creek Water Sources 2003</td> </tr> </tbody> </table>	WSP audited	Plan incorporated	WSP for the Castlereagh River Unregulated and Alluvial Water Sources 2011	WSP for the Castlereagh River Above Binnaway Water Source 2003	WSP for the Greater Metropolitan Region Unregulated River Water Sources 2011	WSP for the Kangaroo River Water Source 2003	WSP for the Gwydir Unregulated and Alluvial Water Sources 2012	WSP for the Rocky Creek, Cobbadah, Upper Horton and Lower Horton Water Source 2003	WSP for the Lachlan Unregulated and Alluvial Water Sources 2012	WSP for the Mandagery Creek Water Source 2003	WSP for the Murrumbidgee Unregulated and Alluvial Water Sources 2012	WSP for the Adelong Creek Water Source 2003	WSP for the Tarcutta Creek Water Source 2003	WSP for the Upper Billabong Water Source 2003	WSP for the Namoi Unregulated and Alluvial Water Sources 2012	WSP for the Phillips Creek, Mooki River, Quirindi Creek and Warrah Creek Water Sources 2003	Request that the authors revise this text for the new recommendation across all relevant audit reports.
WSP audited	Plan incorporated																			
WSP for the Castlereagh River Unregulated and Alluvial Water Sources 2011	WSP for the Castlereagh River Above Binnaway Water Source 2003																			
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WSP for the Murrumbidgee Unregulated and Alluvial Water Sources 2012	WSP for the Adelong Creek Water Source 2003																			
	WSP for the Tarcutta Creek Water Source 2003																			
	WSP for the Upper Billabong Water Source 2003																			
WSP for the Namoi Unregulated and Alluvial Water Sources 2012	WSP for the Phillips Creek, Mooki River, Quirindi Creek and Warrah Creek Water Sources 2003																			

			<p>WSP for the NSW Border Rivers Unregulated and Alluvial Water Sources 2012</p> <p>WSP for the Richmond River Area Unregulated, Regulated and Alluvial Water Sources 2010</p>	<p>WSP for the Tenterfield Creek Water Source 2003</p> <p>WSP for the Coopers Creek Water Source 2003</p>	
10.	3 Audit findings Criterion: Part 11 / 12 Mandatory conditions		<p>The process of conditioning WALs follows the conversion of licences under the <i>Water Act 1912</i> to WALs under the <i>Water Management Act 2000</i>. These may be separate processes but they are closely linked. It would be beneficial for the reader if the commentary in this new finding refers to the licence conversion process or provides a cross reference to the text discussing licence conversions and audit report scope in Criterion: Part 5 Requirements for Water, Areas examined.</p>		Request that the authors revise this text.
11.	Part 13 / 12  Findings against criterion lines of inquiry  (Tweed River Area Unregulated and Alluvial WSP, Murrah-Wallaga Area Unreg and Alluvial WSP and Towamba Unregulated and Alluvial WSP in particular)	<p>Consultation arrangements are in place for future amendments through the Stakeholder Advisory Panels or other similar existing community groups, as well as targeted consultation or public exhibition processes</p>	<p>Stakeholder Advisory Panels are not established on the coast. Consultation is more targeted at a local level, which is appropriate for coastal catchments.</p>		Request that the authors revise this text

<p>12.</p>	<p>3 Audit findings</p> <p>Criterion: There are arrangements to give effect to WSP provisions</p> <p>Is there data management that supports the WSP implementation</p>	<p>Reference to “flows”</p>	<p>Reference to "flows" in the generic words used in the audit reports are only applicable to surface water monitoring. Groundwater flows cannot be monitored, only groundwater levels. Consequently for the water sharing plans that only cover groundwater this reference is not strictly correct.</p> <p>Suggested editorial correction for groundwater only plans:</p> <p><i>Is there data management that supports the WSP implementation? Water monitoring data plays a role in giving effect to WSP provisions based on the water monitoring network. Licence holders may have specific conditions aligned with the information from the network of water monitoring stations. The audit team found evidence of data management that supports the WSP implementation that is incorporated into both the Water Monitoring – Quality Management System (QMS) and Oracle system.</i></p> <p><i>Appendix 1 Part 7 Rules for granting access licences Policy, processes, systems and procedures for complying with the water allocation rules, and access rules.</i></p> <p><i>Information available to licensees / approvals holders (e.g. water levels, allocations).</i></p>	<p>Request that the authors revise this text</p>
<p>13.</p>	<p>3 Audit findings</p> <p>Criterion: Part 8 Rules for managing access licences</p> <p>Findings against criterion lines of inquiry</p> <p>How do daily access rules get administered and managed?</p>	<p>Cl. 47 discussion including the statement</p> <p>‘As the access rules were found on WALs in the form required by the WSP and no further guidance has been given on the specification of reference points in these pools the audit team did not investigate this issue</p>	<p>The commentary regarding the lack of established of reference points included in the Namoi Unregulated and Alluvial WSP report has not been included in other WSP audit reports where access to in river and off river pools is allowed either through similar clauses or via the establishment of a WSP schedule (such as in the WSP for the NSW Border Rivers Unregulated and Alluvial Water Sources 2012).</p> <p>The implementation issue identified in the Namoi report is relevant to several other reports and it would be beneficial to include this commentary in those reports.</p> <p>It is noted a reference is provided to the findings for Part 11 Mandatory conditions, however this issue is not mentioned in that section.</p>	<p>Request that the authors consider including in and off river pool access implementation commentary in all other relevant audit reports</p>

		further on the basis that the provision is being given effect'		
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**Comments and suggested editorial corrections in relation to draft audit report for the Water Sharing Plan for the Gwydir Unregulated and Alluvial Water Sources 2012**

No	Reference	Statement	COMMENT	ACTION
14.	3 Audit findings Criterion: Part 6 Limits to the availability of water Findings against criterion lines of inquiry Has the long-term average annual extraction limit been managed in accordance with the clauses in Division 1 for this resource? Pg. 27	For groundwater, the available determination at 1 July may be less than 100% if high extraction volumes for the current year trigger LTAAEL compliance action or analysis deems that an exceedance is likely, based on the data available at the time of the assessment. For some aquifer licences, allocations are also linked to the high security or general security allocations of the associated regulated river.	<p>The statement ‘...if high extraction volumes for the current year trigger LTAAEL compliance action...’ regarding cl. 31(2) is misleading because it implies high extraction in one year alone may warrant reduced AWDs. Extraction may be limited in the subsequent year if the rolling average over the specified preceding period is exceeded by 10% or more. For the Upper Gwydir Alluvial Groundwater Source it is a 5 year period which equates to extraction averaged over years 1-5, 2-6, 3-7, 4-8 etc. Not all plans have the same averaging period.</p> <p>The groundwater AWD may be less than 100% for aquifer (high security) access licences particularly in drought years as the AWD calculation incorporates 70% of the AWD for regulated river (high security) access licences. In other plan areas the calculation may be linked to general security licences which more frequently have AWDs that are less than 100%. It would be more accurate to say ‘may be reduced’ instead of ‘may be less than 100%’.</p> <p>It would be helpful to acknowledge groundwater AWDs are based on a percentage of the specified surface water AWD to reflect the degree of connectivity and responsiveness between groundwater and surface water systems.</p>	Request that the authors revise this text and reviewing other reports to see if a similar problem is present.
15.	As above	The audit team was advised that the data reported to the MDBA for unregulated rivers, including the	References the wrong plan	Request that the authors correct this text or clarify that the Peel is

		Namoi unregulated river water sources...		included in Namoi reporting to MDBA
16.	As above	...annual extractions.in the preceding three water...	Typographical error (also present in the Peel and Namoi reports)	Request that the authors correct this text

### Comments and suggested editorial corrections in relation to draft audit report for the Water Sharing Plan for the Peel Valley Regulated, Unregulated, Alluvium and Fractured Rock Water Sources 2010

No	Reference	Statement	COMMENT	ACTION
17.	2 Introduction Background	<i>Namoi report pg. 10:</i> 'applies to 26 unregulated water sources grouped into the Namoi Unregulated Rivers Extraction Management Unit' <i>Peel report pg. 11:</i> 'Namoi Unregulated Rivers Extraction Management Unit (composed of five unregulated water sources)'	The Namoi Unregulated Rivers Extraction Management Unit contains water sources from both the Namoi and Peel plans. The wording in the Namoi and Peel reports should reflect this.	Request that the authors consider revising this text
18.	3 Audit findings Criterion: Part 2 Vision, objectives, strategies and performance indicators Findings against criterion lines of inquiry Pg. 23	WSP for the Peel Valley Regulated, Unregulated, Alluvial and Fractured Rock Water Sources WSP 2012.	Alluvial should be Alluvium. Plan year should be 2010.	Request that the authors correct this text

19.	3 Audit findings Criterion: Part 6 System operation rules In regard to the environmental release rules how do the auditee agencies ensure the rules are followed? Pg. 25	No statement provided on either the stimulus flow or the ECA; only the minimum daily release rules are mentioned	The enlargement of Chaffey Dam was completed in 2016 which triggered a major change in the operation of cl. 31. The audit report does not address this transition or processes to support the transition.	Suggest the authors consider revising text to address both stimulus flow and ECA and 2016 operational transition. Suggest authors review other sections of the WSP that may have changed as a result of the enlargement of Chaffey Dam and provide commentary if required.
20.	3 Audit findings Criterion: Part 7 Limits to the availability of water Pg. 26	The Peel Unregulated Rivers Water Source is part of the Namoi Unregulated Rivers EMU	Reference should be 'The Peel Unregulated River Water Sources are part of the Namoi Unregulated Rivers EMU'.	Request that the authors correct this reference
21.	3 Audit findings Criterion: Part 7 Limits to the availability of water Conclusion Pg. 26	Peel Unregulated Water Sources	Reference should be to 'Peel Unregulated River Water Sources'	Request that the authors correct this reference
22.	3 Audit findings Criterion: Part 7 Limits to the availability of water Findings against criterion lines of inquiry Has Division 1 Long term average annual extraction limits been given effect to? Pg. 27	Statements regarding LTAAEL assessment for the Peel Regulated River	Note that for the Peel Regulated River Water Source clause 39 specifies the LTAAEL as the lesser of the stated LTAAE in 39(2)(a) or in 39(2)(b) (MDB cap). For this water source the cap figure is lower. Given annual assessments have been provided to MDBA as stated in paragraph 4, Recommendation 3 may need to be reviewed.	Request that the authors consider reviewing text in Recommendation 3 regarding the Peel Regulated River Water Source



23.	As above	... Namoi Regulated River Water Source...	Either 'Upper Namoi Regulated River Water Source' or 'Lower Namoi Regulated River Water Source' or both should be used unless the reference is meant to be to the Peel Regulated River Water Source.	Request that the authors correct this reference
24.	3 Audit findings Criterion: Part 7 Limits to the availability of water Findings against criterion lines of inquiry Are available water determinations managed in line with Division 2? Pg. 28	Dol officers	Reference should be updated to the appropriate department name	Request that the authors correct this reference
25.	3 Audit findings Criterion: Part 7 Limits to the availability of water Findings against criterion lines of inquiry Are available water determinations managed in line with Division 2? Pg. 28	Specific purpose access licences, such as domestic and stock or local water utility access licences, generally receive 100 per cent of their share component	Although the statement is generally true, it would be more accurate in this report to refer to the specific arrangements in place under cl. 48 for Tamworth Regional Council. In the Peel Regulated River Water Source, an available water determination of 70% of share components is made at the commencement of each water year for local water utility access licences. This may be increased to 100% via an additional AWD if additional water is available.	Request that the authors consider revising text

### Comments and suggested editorial corrections - draft audit report for the Water Sharing Plan for the Namoi Unregulated and Alluvial Water Sources 2012

No	Reference	Statement	COMMENT	ACTION
26.	3 Audit findings Criterion: Part 6 Limits to the availability of water Findings against criterion lines of inquiry	... Namoi Regulated River Water Source...	Either 'Upper Namoi Regulated River Water Source' or 'Lower Namoi Regulated River Water Source' or both should be used.	Request that the authors correct this reference

	Has Division 1 Long term average annual extraction limits been given effect to? Pg. 25			
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**Comments and suggested editorial corrections – draft audit report for the Water Sharing Plan for the Richmond River Area Unregulated, Regulated and Alluvial Water Sources 2010**

No	Reference	COMMENT	ACTION
27	Clause 39	Metering data is limited for the water sources of this plan. Improved data should be available via the new metering requirements.	Consider mentioning that this will be improved by the roll out of the new metering requirements



CM9 Ref. BN19/6751

Alluvium Consulting  
Building 2, 54 McCaughey St Turner  
ACT 2612  
Email:

Dear

**Comment on s.44 Water Sharing Plan audit reports**

Thank you for your letter of 22 August 2019 to the Natural Resources Access Regulator, requesting comment on s.44 WSP audit reports.

NRAR is now working to a risk-based, proactive Monitoring and Audit schedule. The following region and/or industry specific campaigns have been undertaken recently:

- Coffs Harbour Horticulture Water Compliance Project
- Operation Yadhala Mil, auditing the Barwon-Darling from Bourke to Mungindi
- Operation Dhirri Dhirri in the Hunter

Performance indicators may be further refined for the monitoring and audit program, to better estimate compliance within each WSP area.

Reactive monitoring and inspections continue, in response to reports, incidents or other intelligence.

Procedures continue to be documented to ensure consistent, risk-based and best practice operations.

NRAR has worked with DPIE to refine agency roles and responsibilities in regard to mandatory conditions, including notification. These arrangements will take effect shortly.

I refer you to the Progress Report for the Natural Resources Access Regulator for the financial year ended 30 June 2019. This provides an overview of NRAR's activities for the first 12 months since establishment. It has been prepared for presentation to the Parliament of New South Wales, as required by and in accordance with the Natural Resources Access Regulator Act 2017. The Report may be accessed via this link:

[https://www.industry.nsw.gov.au/\\_data/assets/pdf\\_file/0007/272689/NRAR-progress-report-2018-19.pdf](https://www.industry.nsw.gov.au/_data/assets/pdf_file/0007/272689/NRAR-progress-report-2018-19.pdf)

Thank you again for your letter. I have asked that Anna Browne, Project Officer, be available should you need further information or wish to discuss this matter further. Ms Browne can be contacted on (02) 49042524.

Yours sincerely

**Grant Barnes**  
**Chief Regulatory Officer**

3/10/2019

3 October 2019

Project Manager  
Alluvium Consulting Australia  
Building 2, 54 McCaughey St  
Turner ACT 2612

Dear

### **Draft Section 44 Compliance Audit Reports for 25 Water Sharing Plans**

Thank you for your letter dated 22 August 2019 on section 44 Compliance Audit Reports (Reports).

Please find below additional comments on specific recommendations pertaining to WaterNSW.

#### **A. Greater Metropolitan Region Unregulated River Water Sources 2011 (Recommendation 3)**

**Finding:** The audit team found that Part 6 cl. 39A of the WSP for the Greater Metropolitan Region Unregulated River Water Sources 2011 was only partially given effect during the audit period. Environmental release rule investigations for a number of structures operated by utilities required under this clause of the WSP by the end of year 5 were not all given effect, and related mandatory conditions were not all imposed. The audit team found that Part 6 cl. 39A (5)(a), cl. 39A (7)(a) and cl. 39A (10) were not given effect as required by the end of year 5 of the WSP.

**Recommendation:** DPIE – Water, NRAR and WaterNSW to give effect to Part 6 cl. 39A investigations into environmental release rules, including giving effect to mandatory conditions to require the investigations.

#### **WaterNSW Comments:**

We disagree with the recommendation, in so far as it applies to WaterNSW. Given the changes in the water sector with the formation of WaterNSW and NRAR, investigations into environmental release rules is no longer our responsibility. We can carry out investigations under direction from DPIE or NRAR but they are the ones that need to drive this process.

## **B. Peel Valley Regulated, Unregulated, Alluvium and Fractured Rock Water Sources 2010 (Recommendation 5)**

**Finding:** The audit team found evidence that Part 12 of the WSP for the Peel Valley Regulated, Unregulated, Alluvium and Fractured Rock Water Sources 2010 was not being given effect to in full. Errors were found in the application of the mandatory conditions that apply to WALs. The error found was the absence of mandatory conditions that were required to implement the provisions for part of the audit period.

**Recommendation:** WaterNSW and NRAR to give effect to Part 12 cl. 89 of the WSP to ensure licences have the mandatory conditions required to implement the provisions of the WSP.

### **WaterNSW Comments:**

For Peel Valley, WaterNSW will need to wait for DPIE to develop the proposed changes to Part 12 Clause 89 as they are responsible for drafting the mandatory licence conditions. WaterNSW will thereafter notify licence holders of the mandatory licence conditions, as per the provisions of the WSP.

## **C. Tweed River Area Unregulated and Alluvial Water Sources 2010 (Recommendation 5)**

**Finding:** The audit team found that Part 11 cl. 58 of the WSP for the Tweed River Area Unregulated and Alluvial Water Sources 2010 was only partially given effect to, because WaterNSW and DPIE - Water have not been able to identify the benchmark number of shares in the Rous River Tidal Pool Management Zone at the commencement of the WSP.

**Recommendation:** DPIE - Water and WaterNSW to give effect to Part 11 cl. 58 of the WSP by having information and resources in place to enable this clause to be implemented.

### **WaterNSW Comments:**

WaterNSW depends on DPIE to provide information to "benchmark number of shares in the Rous River Tidal Pool Management Zone". Once this information is available, WaterNSW will act accordingly.

## **D. Tweed River Area Unregulated and Alluvial Water Sources 2010 (Recommendation 4)**

**Finding:** The audit team found that Part 9 cl. 42 and cl. 43 of the WSP for the Tweed River Area Unregulated and Alluvial Water Sources 2010, regarding flow class conditions, was only partially given effect to. The flow classes have not been specified on water access licences (WALs) but have been specified on water supply work approvals. The flow classes have been given legal (regulatory) effect to in that, in practice, the WALs only allow taking of water in compliance with approval conditions. However, there may be a risk to enforceability and a risk of licensee confusion where rules are not given effect to as intended by the WSP.

**Recommendation:** WaterNSW to give effect to Part 9 cl. 42 and cl. 43 of the WSP by installing these conditions onto WALs.

#### **E. Towamba River Unregulated and Alluvial Water Sources 2010 (Recommendation 4)**

**Finding:** The audit team found that Part 8 cl. 40 and cl. 41 regarding flow class conditions was only partially given effect to. The flow classes have not been specified on water access licences (WALs) but have been specified on water supply work approvals. The flow classes have been given legal (regulatory) effect to in that, in practice, the WALs only allow taking of water in compliance with approval conditions. However, there may be a risk to enforceability and a risk of licensee confusion where rules are not given effect to as intended by the WSP for the Towamba River Unregulated and Alluvial Water Sources 2010.

**Recommendation:** WaterNSW to give effect to Part 8 cl. 40 and cl. 41 of the WSP by installing these conditions onto WALs.

#### **F. Murrah-Wallaga Area Unregulated and Alluvial Water Sources 2010 (Recommendation 4)**

**Finding:** The audit team found that Part 9 cl. 42 and cl. 43 of the WSP for the Tweed River Area Unregulated and Alluvial Water Sources 2010, regarding flow class conditions, was only partially given effect to. The flow classes have not been specified on water access licences (WALs) but have been specified on water supply work approvals. The flow classes have been given legal (regulatory) effect to in that, in practice, the WALs only allow taking of water in compliance with approval conditions. However, there may be a risk to enforceability and a risk of licensee confusion where rules are not given effect to as intended by the WSP.

**Recommendation:** WaterNSW to give effect to Part 9 cl. 42 and cl. 43 of the WSP by installing these conditions onto WALs.

#### **WaterNSW Comments for D, E and F above**

WaterNSW depends on DPIE to "install these conditions onto WALs". Once these conditions are on water access licences, WaterNSW will then ensure licence holders are notified and that usage is allocated as per the WSP.

Whilst it's true that WaterNSW is the accountable party for notifying customers of conditions relevant to their WALs, there is a dependency on DPIE to create those conditions and load those conditions into the Water Licencing System and other associated IT infrastructure in order to allow WaterNSW to conduct the process to notify customers.

We have not made specific comments to the recommendations within the audit reports that are addressed to the NSW Government. We understand that through the Regional Water Senior Officers Group; DPIE Water, NRAR and OEH will map out the post audit government response. We also understand that coordination with WaterNSW was discussed when the group met on 14 June 2019 and that DPIE will be in touch with WaterNSW.

WaterNSW is committed to meeting its obligations and maintaining a high level of compliance.

Please contact Clarita Imperial on 0427 409 020 or via email [clarita.imperial@waternsw.com.au](mailto:clarita.imperial@waternsw.com.au) should you wish to discuss any aspect of WaterNSW's response.

Yours sincerely,

A handwritten signature in blue ink, appearing to be "D. Harris", written over a horizontal line.

David Harris  
Chief Executive Officer



DOC19/853922

Project Director  
Alluvium Consulting  
Building 2, 54 McCaughey St  
Turner ACT 2612

Dear

**Draft section 44 Water Sharing Plans compliance audit reports – 25 reports**

Thank you for your letter seeking comments on the 25 draft s44 audit reports for the following Water Sharing Plans:

**Water Sharing Plans**

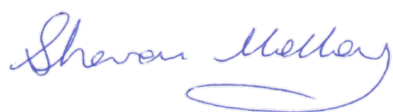
1. Belubula Regulated River Water Source 2012
2. Lachlan Unregulated and Alluvial Water Sources 2012
3. Castlereagh River Unregulated and Alluvial Water Sources 2011
4. Macquarie Bogan Unregulated and Alluvial Water Sources 2012
5. NSW Border Rivers Unregulated and Alluvial Water Sources 2012
6. Barwon-Darling Unregulated and Alluvial Water Sources 2012
7. Murrumbidgee Unregulated and Alluvial Water Sources 2012
8. Lower Murray-Darling Unregulated and Alluvial Water Sources 2011
9. Murray Unregulated and Alluvial Water Sources 2011
10. Intersecting Streams Unregulated and Alluvial Water Sources 2011
11. Peel Valley Regulated, Unregulated, Alluvium and Fractured Rock Water Sources 2010
12. Namoi Unregulated and Alluvial Water Sources 2012
13. NSW Murray Darling Basin Porous Rock Groundwater Sources 2011
14. Gwydir Unregulated and Alluvial Water Sources 2012
15. Lower Murray Shallow Groundwater Source 2012
16. NSW Murray Darling Basin Fractured Rock Groundwater Sources 2011
17. NSW Great Artesian Basin Shallow Groundwater Sources 2011
18. Tweed River Area Unregulated and Alluvial Water Sources 2010
19. Murrumbidgee Area Unregulated and Alluvial Water Sources 2010
20. Towamba River Unregulated and Alluvial Water Sources 2010
21. Richmond River Area Unregulated, Regulated and Alluvial Water Sources 2010
22. Bega and Brogo Rivers Area Regulated, Unregulated and Alluvial Sources 2011
23. North Western Unregulated and Fractured Rock Water Sources 2011
24. Greater Metropolitan Region Unregulated and Fractured Rock Water Sources 2011
25. Greater Metropolitan Region Unregulated River Water Sources 2011

The Department of Planning, Industry and Environment – Biodiversity and Conservation Division has checked the accuracy of findings of the draft audits and has no further comments to add.



If you require any additional information please contact Justen Simpson, Manager Environmental Water Governance at [justen.simpson@environment.nsw.gov.au](mailto:justen.simpson@environment.nsw.gov.au) or on 6229 7140.

Yours sincerely

A handwritten signature in blue ink that reads "Sharon Molloy". The signature is written in a cursive style with a large, sweeping flourish at the end.

Sharon Molloy  
**Acting Executive Director**  
**Biodiversity and Conservation Division**

**Date 8/10/2019**