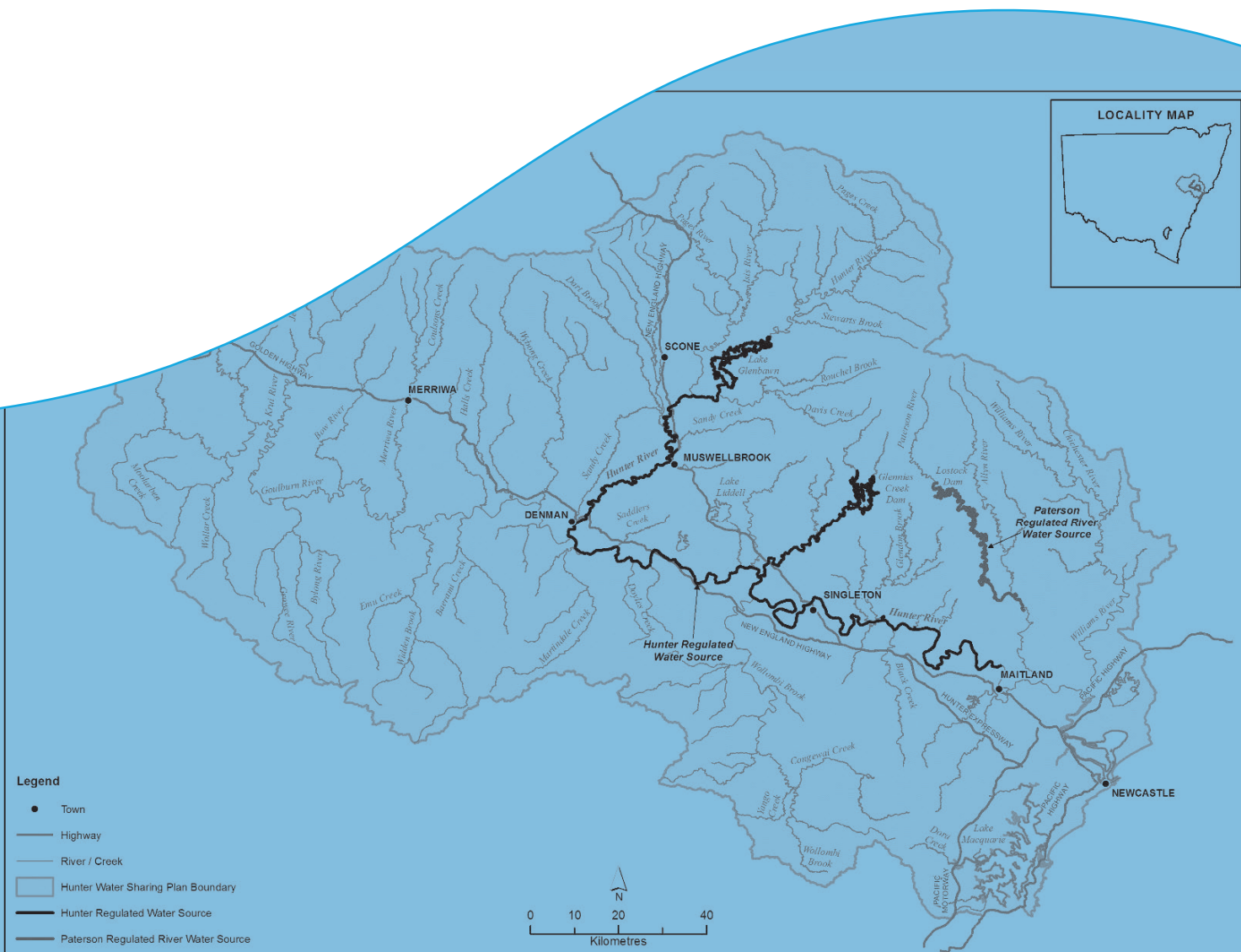


# Final report

## Audit of the implementation of the Paterson regulated river water sharing plan

### June 2024



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## Acknowledgement of Country

The Paterson Water Sharing Plan area includes the traditional lands and waters of the Kamilaroi, Geawegal and Wonnarua Aboriginal nations. The Natural Resources Commission acknowledges and pays respect to the traditional owners, their elders and other Aboriginal people for whom these lands and waterways are significant.

The Commission recognises and acknowledges that traditional owners have a deep cultural, environmental and economic connection to their lands and waters. We value and respect their knowledge in natural resource management and the contributions of many generations, including their elders, to this understanding and connection.

## List of acronyms

ACR	Annual Compliance Report
AWD	Available Water Determination
CARM	Computer Aided River Management
DCCEEW	Department of Climate Change, Energy, Environment and Water (NSW)
DPE-Water	(former) Department of Planning and Environment – Water
EWA	Environmental Water Allowance
EWAG	Environmental Water Advisory Group
LRS	Land Registry Services
LTAEL	Long-term average annual extraction limits
MER	Monitoring, Evaluation and Reporting
MERI	Monitoring, Evaluation, Reporting and Improvement
ML	Megalitre
NRAR	Natural Resources Access Regulator
WAS	Water Accounting System

WAVE            Water Added Value Environment

WLS            Water Licencing System

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## Executive Summary

The Commission engaged O'Connor Marsden and Associates Pty Ltd (OCM) to audit the *Water Sharing Plan for the Paterson Regulated River Water Source 2019* (referred to in this report as 'the Plan'). OCM has audited the Plan to ascertain whether its provisions are being given effect to, as required under Section 44 of the *Water Management Act 2000 No 92* (the Act).<sup>1</sup>

## Audit conclusion

While many of the Plan's provisions are being implemented, the auditor considers that on balance the Plan provisions have not been given full effect.

The audit conclusion is based on the procedures performed and the evidence obtained. The auditor is of the view that the information presented fairly reflects Plan implementation.

## Audit findings and recommendations

The auditor found that across most of the criteria assessed in this audit, the relevant NSW Government bodies generally have systems, processes and procedures in place that align with legislative requirements and support Plan implementation.

Key aspects of the Plan were being implemented, as outlined below:

- available water determinations have largely been calculated and made in line with relevant Plan provisions
- procedures and systems are generally in place to support the granting of specific purpose access licences, processing of dealings and implementing changes in mandatory conditions, but with some limits identified below
- mandatory conditions were largely applied as required by the Plan, with gaps around metering and recording requirements.

**Table 1** summarises the audit's findings and recommendations for the partial and non-compliances, which are presented in detail in the sections below. The auditor has raised recommendations (R) only for material findings (F) relating to gaps in the implementation of requirements that result in the Plan not being given full effect. The auditor focused on the fundamental elements of plan implementation and did not explore the quality of implementation in detail in this audit.

Recommendations have been made considering the audit period and any information provided by auditees to reflect updated practices. The audit period is defined as the period from the commencement of the Plan on 1 July 2019 to the date of the draft report submission to agencies, on 27 May 2024.

Given that the recommendations address gaps to legislative requirements, the auditor considers that all recommendations should be implemented as soon as practicable within a

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<sup>1</sup> Note that in this report, 'the Act' is used to refer only to the *Water Management Act 2000* and 'the Regulation' refers only to the *Water Management (General) Regulation 2018*.

maximum timeframe of 12 months. However, the auditor considers that priority issues to be addressed by the audited agencies include:

- finalising systems and processes to facilitate monitoring of performance indicators (see **Finding 1.1**)
- managing Long-Term Average Annual Extraction Limits (LTAAEL) and assessing LTAAEL compliance (see **Finding 3.1**)
- completing work to improve systems and processes for notifying licence and approval holders of mandatory conditions, including the Standard Operating Procedure (see **Finding 9.1**).

Prioritising the performance indicator finding will help data availability for subsequent plan performance analysis. Addressing the other priority findings, which relate to broader system and process issues, will support the implementation of this Plan as well as other water sharing plans. The recommendations associated with these findings should be prioritised for implementation by the audited agencies.

The auditor undertook limited assurance sample testing, walkthroughs and interviews and examined roles and responsibilities, systems, processes, and procedures relevant to the audit criteria. Implementation was found to comply with legislative requirements except where the report identifies gaps. The auditor has provided the audit questions that were examined in each chapter of the report, along with symbols to identify compliance, partial compliance and non-compliance.

While this report discusses specific consequences for each criterion, the overarching consequence of not giving full effect to Plan provisions is that the Plan's objectives are unlikely to be achieved in full. These objectives are intended to support environmental, economic, Aboriginal cultural and social and cultural outcomes.

The Commission's audits of water management plans under Section 44 of the Act provide assurance as to whether plan provisions are being given effect to. Giving effect to Plan provisions supports the water management principles under Section 5 of the Act. These audits can therefore help assess the implementation of water management principles of the Act. Due to the gaps in implementation, including the priority findings above, the water management principles set out in Section 5, such as 2(a), (d) and (e), and 3(a) of the Act may be impacted.

**Table 1 Audit findings and recommendations**

Findings	Recommendations
<b>Criterion 1: Have the relevant Government agencies implemented plan provisions relating to vision, objectives, strategies and performance indicators?</b>	
<p><b>F 1.1</b> DCCEEW is investing substantial effort into the monitoring, evaluation and reporting (MER) of water sharing plans. Progress has been made in developing processes and systems to track performance indicators. However, the MER framework and method statements have not been finalised. Methods manuals are to be developed for environmental MER plans (in draft), socio-economic MER plans (finalised), and cultural MER plans (not yet developed). Draft methods statements for tracking of environmental and water quality outcomes indicates that the types of key evaluation questions may vary according to evaluation effort ranking given to a plan. The auditor did not receive information on evaluation effort for the Plan.</p>	<p><b>R 1.1</b> DCCEEW to finalise development of systems and processes to facilitate monitoring of performance indicators established in the Plan and enable evaluation of the Plan’s performance against its objectives.</p>
<p><b>F 1.2</b> Some monitoring and data collection are occurring in the Plan to enable monitoring against performance indicators. The data collection focused on coastal fish species using eDNA sampling to determine which native fish species were present within a particular water source. However, existing monitoring has gaps across economic, Aboriginal cultural, and social and cultural performance indicators in the Plan.</p>	<p><b>R 1.2</b> DCCEEW to monitor and evaluate performance indicators to measure the success of the strategies to reach the objectives set out in Part 2 of the Plan, and to use generated data to support decision making for plan implementation.</p>
<b>Criterion 2: Have the relevant Government agencies implemented plan provisions relating to system operation rules?</b>	
<p><b>F 2.1</b> The target environmental flow thresholds used and monitored by WaterNSW (as per the <i>Annual Compliance Reports</i> (ACRs) in 2019-20 to 2022-23 water years) were different to the thresholds specified in the Plan. Thresholds used in the ACR were those specified in the WaterNSW works approval. A lower minimum flow threshold was used by WaterNSW compared to the requirement in the Plan for the time periods March to May, and September to November, noting that a higher minimum flow threshold was used compared to the Plan in the period June to August.</p>	<p><b>R 2.1a</b> DCCEEW to update WaterNSW’s work approval to align its target environmental flows threshold requirements as identified in Clause 46 of Part 10 of the Plan.</p> <p><b>R 2.1b</b> Once DCCEEW has updated the work approval, WaterNSW to update its systems and procedures to ensure it is operating in accordance with the correct thresholds as specified in the updated work approval.</p>
<p><b>F 2.2</b> Shortfalls of the target environmental flows identified in the 2019-20 water year were subsequently delivered in the following days as specified in the ACR 2019-20. Water used to redress the flow deficits in the 2019-20 water year were mostly sourced from the Lostock Dam, but some additional flows were from the Allyn River (a tributary of the Paterson River) to make up the remainder of flows. This is not in compliance with Clause 46(3) regarding use of tributary inflows to redress environmental flow shortages.</p>	<p><b>R 2.2</b> WaterNSW to manage the water supply system in the Paterson Regulated River Water Source to ensure that tributary inflows are not used to redress environmental flow shortages, in accordance with Clause 46(3).</p>



## Findings

**F 2.3** Environmental Water Allowance (EWA) rules in Division 2 of Part 10 were partially given effect as there is no specific EWA account kept in the Water Accounting System (WAS) to monitor water credited to, and debited from, the EWA. Annual compliance reports also did not report balances relating to an EWA account.

WaterNSW indicated that DCCEEW has work underway to establish EWA accounts across NSW. WaterNSW indicated they have established water order processes which can be used to manage the EWA account once established by DCCEEW.

**F 2.4** Inconsistencies were noted relating to the environmental flow values captured and the environmental flow thresholds used between the ACR, the Computer Aided River Management (CARM) system and the Plan.

**F 2.5** DCCEEW has not established the procedure specified in the Plan to enable WaterNSW to determine and specify the water delivery and channel capacity constraints in accordance with subclauses 52(a) and (b). Despite this, WaterNSW indicated the rules in its works approval contribute to supporting the implementation of this clause. However, the auditor does not consider subclauses 52(a) and (b) to be covered in the work approval and the procedure should still be established by DCCEEW to give effect to the requirements of subclauses 52 (a) and (b).

## Recommendations

**R 2.3.a** DCCEEW to establish the Environmental Water Allowance account for the Paterson Regulated River.

**R 2.3.b** WaterNSW to use the account established in **R 2.3a** to manage the Environmental Water Allowance for the Paterson Regulated River as per Clause 48.

**R 2.4** WaterNSW to identify the root cause for the discrepancy noted between the ACR and the CARM system, resolve the discrepancy and notify NRAR accordingly.

**R 2.5** DCCEEW to establish the procedures to enable WaterNSW to consider, determine and specify the water delivery and channel capacity constraints taking into account clauses 52 (a) and (b).

### Criterion 3: Have the relevant Government agencies implemented plan provisions relating to long-term extraction limits?

**F 3.1** There has been no calculation of annual extraction in accordance with Part 6 (Clauses 25-28) of the Plan. DCCEEW indicated that there is a very low risk of non-compliance with the long-term average annual extraction limit and that the assessment process is described in the Plan.

**R 3.1** DCCEEW to manage Long Term Average Annual Extraction Limits (LTAAEL) and assess LTAAEL compliance for the Plan in accordance with Part 6 (Clauses 25-28). This should be supported by:

- (a) water use data from the rollout of the non-urban metering reforms
- (b) other assessment methodologies in the absence of comprehensive water use data, if required.

## Findings

## Recommendations

### Criterion 4: Have the relevant Government agencies implemented plan provisions relating to available water determinations (AWD)?

**F 4.1** There were no resource assessments undertaken on 1 June 2019, 1 June 2020 and 1 June 2021 to support the 100% AWD made for regulated river (high security) and regulated river (general security) access licences at the commencement of these water years, as required in clauses 32(3) and 33(2) of the Plan.

In years where resource assessment calculations were used prior to making AWDs, calculations did not explicitly cover all the Plan requirements before making AWDs for regulated river (high security) and regulated river (general security) access licences.

**R 4.1** DCCEEW to complete resource assessment calculations incorporating the Plan requirements prior to making Available Water Determinations. The resource assessment calculations should assess all elements required in clauses 32(3) and 33(2) of the Plan. To support this, and for transparency, DCCEEW to review and complete the *Resource Assessment Summary Manual* for public release and align the resource assessment spreadsheets with the published manual, ensuring elements in clauses 32(3) and 33(2) are explicitly captured.

### Criterion 5: Have the relevant Government agencies implemented plan provisions relating to granting access licences?

No findings identified.

### Criterion 6: Have the relevant Government agencies implemented plan provisions relating to managing access licences?

**F 6.1** The supplementary event provisions in Clause 39 were not given effect based on the following:

- WaterNSW monitors the flows in the water source at the Paterson River downstream of Lostock Dam gauge (210021). However, the flows (ML/day) monitored downstream of Lostock Dam (prior to announcing a supplementary water event) as per the ACRs specifies "40 or 2S" (ML/day) (where "S" is the volume of the total installed pump capacity for water supply works nominated on a supplementary access licence in the Paterson Regulated River Water Source, (100 ML current capacity)), are not compliant with subclauses 39(2) or 39(3), which specify that supplementary water events must commence and cease when the flows in the water source at the Paterson River downstream of Lostock Dam gauge has exceeded 40 ML/day for at least 12 hours or have decreased below 40 ML/day, respectively.
- There were no calculations made on the maximum volume of water that may be taken for the supplementary events announced during the audit period using the formula in clause 39(4).
- None of the six supplementary water flow access announcements met the requirements of 39(5) and 39(6)(b), which both require an extraction limit (or the amount of water that may be taken). Clause 39(6)(a) requires announcements to

**R 6.1a** WaterNSW to calculate the maximum volume of water that may be taken and/or limit of the extraction (taking into account the trigger for commencement and cessation) before a supplementary water event is announced.

**R 6.1b** WaterNSW to specify in the supplementary event announcement the start or end date, or both, of the supplementary water event and the extraction limit or the amount of water that may be taken by each supplementary access licence holders to give effect to Plan clauses 38 and 39.

## Findings

include the start or end date, or both, of the supplementary water event. Four out of the six announcements specified the start time and date of the supplementary event while two of the six announcements did not specify in the body of the announcement the start date. None of the announcements included the end date of the supplementary water event. For the two announcements that did not include a start or end date, the auditor deemed the date of the announcement as the start date. Hence, clause 39(6) was partially complied with.

## Recommendations

### Criterion 7: Have the relevant Government agencies implemented plan provisions relating to access licence dealing rules?

No findings identified.

### Criterion 8: Have the relevant Government agencies implemented plan provisions relating to mandatory conditions?

**F 8.1** DCCEEW's internal Standard Operating Procedure on mandatory conditions applied in bulk to water access licences and approvals is due to be finalised 30 June 2024. The auditor found that the existing access licence and water supply work approval holders were notified of the mandatory conditions after 3 years and 2 months from Plan commencement (31 August 2022).

**R 8.1** DCCEEW to complete work to improve systems and processes for notifying licence and approval holders of mandatory conditions, including the Standard Operating Procedure, the draft of which states the notification date will be agreed and documented by WaterNSW and DCCEEW.

**F 8.2** While sub-clause (9) requires the condition under subclause (4) to have been removed on 1 December 2023, which was intended to align with the roll-out of the non-urban water metering guidelines, subclause (4) was never applied to licences. The Plan clause 59(4) was therefore never implemented as it should have been. Metering conditions under the previous plan (which conveys the same meaning as clause 59(4)) were removed from all approvals when the Plan commenced in 2019. DCCEEW considered the wording of the Plan provision to be too vague to specify as a condition as the Minister had not determined 'acceptable' and that therefore a condition should not be imposed. The lack of metering requirements since 2019 on these licences poses a risk to implementing the Plan provisions as intended despite the expected low level of extraction. Further, DCCEEW did not impose a condition related to clause 59(5) on water supply works approvals as there were no relevant procedures established by the Minister. DCCEEW advised this issue was logged using the amendment process in July 2023 and expect this issue to be superseded by the rollout of the non-urban water metering requirements on 1 December 2024.

**R 8.2** DCCEEW to develop and implement systems and processes to give effect to mandatory conditions concerning metering equipment, recording and water use details by 1 December 2024, or make plan amendments in cases where conditions specified in the Plan are not sufficiently specific to enable effective conditioning onto licenses or approvals.

### Criterion 9: Have the relevant Government agencies implemented plan provisions relating to amendments?

No findings identified.

# 1 Audit objectives and process

## 1.1 The Commission's role in auditing water management plans

The Natural Resources Commission (the Commission) is an independent body with broad investigating and reporting functions that aim to establish a sound evidence base to inform natural resource management in the social, economic and environmental interests of NSW.

Water management plans include:

- **water sharing plans** – establish the rules for sharing water between the environment and other water users. They also set rules for trading, water allocations and the management and granting of water access licences and water supply work approvals.<sup>2</sup>
- **floodplain management plans** – provide the framework to coordinate flood work development to minimise future changes to flooding behaviour, and to increase awareness of risk to life and property from flooding.<sup>3</sup>

The Commission has a responsibility under Section 9 of the Act to fulfil its responsibilities in accordance with the water management principles and order of priority of water uses described in the Act.

The Commission engaged O'Connor Marsden and Associates Pty Ltd (OCM or the "auditor") to undertake the audit of the *Water Sharing Plan for the Paterson Regulated River Water Source 2019* (referred to in this report as 'the Plan', version effective from 1 July 2019).

## 1.2 Audit objective

The objective of this audit was to determine, in accordance with Section 44 of the Act, whether the provisions of the Plan are being given effect to.

The auditor has audited the version of the Plan in effect at the time of the audit. The Plan was effective from 1 July 2019 and has not been amended since. Plan amendments may occur in future which could alter clause references. Plan clause references in this report should therefore be read in conjunction with the Plan as made (and in force) on 27 May 2024. The areas of NSW covered by the Plan are shown in **Figure 1**.

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<sup>2</sup> Department of Planning and Environment (n.d.) [How water sharing plans work](#).

<sup>3</sup> Department of Planning and Environment (n.d.) [Developing floodplain management plans](#).

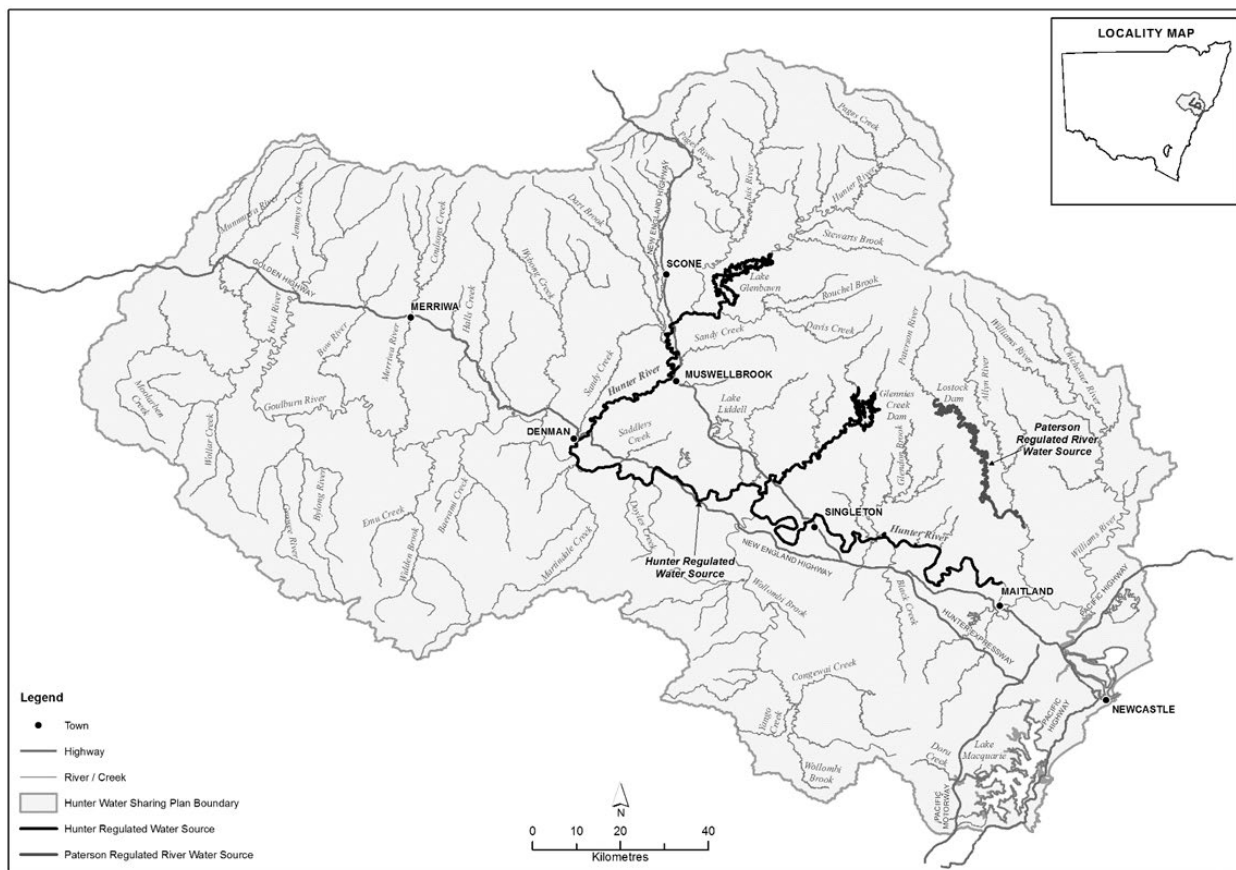


Figure 1 Overview map of the Paterson Regulated River Water Source

### 1.3 Audit criteria

Audit criteria were developed based on parts of water sharing plan that the auditor considered warranted examination to ascertain whether provisions are being given effect to. The audit criteria for this audit are:

- **Criterion 1:** The relevant responsible parties have implemented Plan provisions relating to vision, objectives, strategies and performance indicators.
- **Criterion 2:** The relevant responsible parties have implemented Plan provisions relating to system operation rules.
- **Criterion 3:** The relevant responsible parties have implemented Plan provisions relating to limits to the availability of water, specifically long-term average annual extraction limits.
- **Criterion 4:** The relevant responsible parties have implemented Plan provisions relating to the availability of water, specifically available water determinations.
- **Criterion 5:** The relevant responsible parties have implemented Plan provisions relating to granting access licences.
- **Criterion 6:** The relevant responsible parties have implemented Plan provisions relating to managing access licences.
- **Criterion 7:** The relevant responsible parties have implemented Plan provisions relating to access licence dealing rules.
- **Criterion 8:** The relevant responsible parties have implemented Plan provisions relating to mandatory conditions.

- **Criterion 9:** The relevant responsible parties have implemented Plan provisions relating to amendments (where these are not optional) and there is evidence that identified amendments (which may include optional amendments) have been given due consideration.

The auditor developed audit questions to test relating to each criterion above, that align with the provisions of the Plan. Each criterion chapter includes a compliance summary table that contains the relevant Plan clauses and audit questions that were examined, as well as a compliance rating. The compliance ratings used throughout the report are categorised as follows:

✓ = Compliant; ~ = Partially compliant; ✗ = Non-compliant; NA = Not applicable

## 1.4 Auditee agencies

The key entities responsible for implementing water management plans in NSW are the:

- Department of Climate Change, Energy, Environment and Water (DCCEEW)
- WaterNSW
- Natural Resources Access Regulator (NRAR).

The responsibility for implementing the provisions described in the audit criteria above is assumed to rest with DCCEEW, except where other agencies have been identified as being responsible. In June 2021, DCCEEW, NRAR and WaterNSW signed an agreement which clarifies their roles and responsibilities including those relating to water sharing plans and water supply work approvals.

Some agencies have changed name or role during the audit period. DCCEEW was formerly the Department of Planning and Environment – Water (DPE-Water). The auditor has adopted the name as of May 2024 of any responsible agencies throughout this report.

The auditor notes that NRAR was previously responsible for licensing and approvals for some customers including local councils, water utilities and state-owned corporations, State Significant Developments, State Significant Infrastructure and Aboriginal communities. However, this function was transferred to DCCEEW in mid-2022. In cases where the auditor has made audit findings relevant to the period where NRAR managed this licensing and approvals function, any recommendations have been directed to DCCEEW as the agency with the current responsibility.

## 1.5 Audit procedures

Audit procedures included:

- document review, including of overarching frameworks, procedures, guidelines, manuals, policies and reports
- walk throughs of material activities, including key systems and processes with system implementors and owners
- sampling of data or assessments
- interviews with process owners and implementors that give effect to plan provisions in DCCEEW and WaterNSW.

These procedures were carried out on a test basis to provide sufficient, appropriate evidence to provide a limited assurance conclusion.

## 1.6 Audit standards

This audit was executed as a limited assurance engagement in accordance with the following standards:

- ASAE 3000 for *Assurance Engagements other than Audits or Reviews of Historical Financial Information*
- ASAE 3100 for *specific Compliance Assurance Engagements*
- ASQM 1 for *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements*.

In accordance with these standards, the auditor has:

- complied with applicable ethical requirements
- planned and performed procedures to obtain independent assurance about whether the relevant NSW Government agencies have implemented the Plan, in all material respects, as evaluated against the audit criteria.

## 1.7 Limitations

This audit was a limited assurance engagement. The procedures performed in a limited assurance engagement vary in nature and timing and are of lesser extent than for a reasonable assurance engagement. As such, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained through a reasonable assurance engagement.

Further, the audit cannot be relied on to comprehensively identify all weaknesses, improvements or areas of non-compliance. Inherent limitations mean that there is an unavoidable risk that some material matters may not be detected, despite the audit being properly planned and executed in accordance with the standards outlined in Section 1.6.

The audit was completed in the 2023-24 water year. Therefore, any audit questions examined that require a full water year to be completed to allow the data or information to confirm compliance with provisions were not audited for the 2023-24 water year.

## 1.8 Exclusions

The audit has not provided an assessment against all provisions or parts in the Plan and does not assess the:

- introduction (Part 1)
- bulk access regime (Part 3)
- requirements for water (Part 5)
- water supply work approvals, apart from Division 3 water supply work approvals in Part 11 Mandatory Conditions, which were tested under Criterion 9

- further information in relation to Criterion 7 dealings that were provided on or from 16 May 2024.

The audit has not examined or provided an opinion regarding:

- compliance or non-compliance of individual water access licence or water supply work approval holders
- whether the Plan is being implemented efficiently
- whether stated objectives in the Plan are being achieved
- whether the Plan is effective, appropriate or in line with the Act
- compliance with any legislation unrelated to the Act
- the role of NRAR which independently sets its compliance and enforcement priorities in accordance with the *Natural Resources Access Regulator Act 2017*
- the role of any Commonwealth agencies or water agencies of other states or territories.



## 2 Criterion 1 – Performance indicators

***Have the relevant responsible parties implemented Plan provisions relating to vision, objectives, strategies and performance indicators?***

### **Conclusion**

Systems and processes to underpin the implementation of the Plan's performance indicators have progressed but have not all been finalised, with notable gaps including for Aboriginal cultural use.

DCCEEW has a large program of work underway to manage monitoring, evaluation and reporting (MER) of water resource plans and water sharing plans. The auditor notes the substantial efforts underway in this area, and the progress that has been made in developing processes and systems to enable tracking of performance indicators. The MER frameworks and method statements have not yet been finalised and there is currently no clarity on the MER framework that will be applicable across the Plan. The auditor recognises that some data collection is occurring, including for coastal fish species and water trading data.

### 2.1 Introduction

Part 2 of the Plan is made in accordance with Section 35(1) of the *Water Management Act 2000* No 92 (the Act), requiring:

- a vision statement
- objectives consistent with the vision statement
- strategies for reaching objectives, and
- performance indicators to measure the success of strategies.



This audit examined Part 2 of the Plan. Part 2 requires one or more of the performance indicators to be assessed to measure changes or trends in the environmental condition, the economic benefits, the Aboriginal cultural use, and the social and cultural use of water over the term of the Plan. DCCEEW are responsible for the development, and review of water management plans across NSW and is the lead agency responsible for developing and assessing performance indicators to measure the success of the strategies in meeting the Plan objectives. Other NSW Government agencies, including WaterNSW and DCCEEW-Environment and Heritage Group, have roles in collecting and evaluating data.

### 2.2 Compliance summary

The auditor considered two audit questions relevant to the Plan's performance indicator provisions. **Table 2** summarises the results of this analysis against these questions.

The Plans expires on 30 June 2029 after being in force for 10 years. Due to the early timing of the audit in the 10-year life of the Plan, the auditor considers it unreasonable for DCCEEW to have already assessed performance indicators. However, as discussed in the next section, the auditor would expect to see a plan for what data will be collected, how they will be collected to undertake this assessment, and some progress towards collecting these data.

**Table 2 Compliance summary for performance indicator provisions**

Plan clauses	Audit questions for Criterion 1	Compliance
	Are there systems and processes in place to assess performance indicators?	
Part 2, Cl 8-11	Has monitoring and data collection commenced to enable assessment of performance indicators over the life of the Plan?	

## 2.3 Findings

### 2.3.1 Systems and procedures

DCCEEW has a large program of work underway to manage monitoring, evaluation and reporting on Water Resource Plans and water sharing plans. Methods manuals have been finalised for evaluating surface water environmental, water quality, social and economic outcomes. Methods to evaluate outcomes for First Nations have not yet commenced. The *Surface Water Environmental and Water Quality Method Statement* and *Surface Water Social and Economic Method Statement* indicates that the types of evaluation questions, indicators and measures vary according to the evaluation effort ranking given to a water sharing plan. These rankings are to be determined by the water sharing plan Monitoring, Evaluation, Reporting and Improvement (MERI) Advisory Group and approved by the Chief Operating Officer based on the recommendations of the approved Prioritisation Method ranking results. These ranking results consider various risks and issues, including water management issues, and available and future resources to undertake the evaluations. The *Surface Water Environmental and Water Quality Method Statement* applies an additional decision tool to consider how effort should be applied to water sources within an individual plan area.

DCCEEW are yet to finalise evaluation effort for the Plan. As such, it is unclear at this stage which key evaluation questions will be in place to undertake MER within the terms of this Plan. Given the method statements are yet to be implemented using the environmental, social, and economic MER approaches; the cultural MER is in development; and the lack of clarity of how the key evaluation questions will be applied to the Plan, the auditor considers that systems and processes are not currently in place to enable evaluation of this Plan. The auditor recognises that some data collection is occurring, including coastal fish species and water trading data.

### 2.3.2 Existing monitoring has gaps across economic, Aboriginal cultural, and social and cultural performance indicators

As noted above, DCCEEW has a large program of work underway to manage monitoring, evaluation and reporting of Water Resource Plans and water sharing plans. The auditor notes the substantial efforts underway in this area, and the progress that has been made in developing processes and systems to enable tracking of performance indicators. As noted in **Section 2.3.1**, the MER frameworks and method statements have not yet been finalised and there is currently no clarity on the MER framework that will be applicable across the Plan.

Some monitoring and data collection has occurred in the Plan, focused on coastal fish species using eDNA sampling. DCCEEW indicated that the first batch of MER for the Plan was undertaken in June 2020 and in May 2023 and data will be published in the *Annual Environmental Outcomes Monitoring and Research Program Reports for 2022-23*. The auditor

considers that collection of coastal fish species only partially covers three performance indicators (the recorded range or extent of target ecological populations, the recorded condition of target ecological populations and measurements of hydrology that can be associated with supporting migratory fish movement). Existing monitoring on environmental performance indicators has gaps such as water quality measurements (including salinity, turbidity, total nitrogen, total phosphorous, pH, water temperature and dissolved oxygen), the extent to which the provisions in Divisions 1 and 2 of Part 10 have facilitated effective environmental watering, and the extent to which the strategies in Clause 8(3) have provided flow conditions of sufficient magnitude, frequency, timing and water quality to achieve targeted environmental objectives.

DCCEEW has advised it has begun data collection to inform evaluation of economic and social indicators for the Plan. Examples of economic indicators include data on changes and trends in water trade, industry water use, local economies and industry value. Examples of social indicators include data collected from DCCEEW's water sharing plan Social Benchmarking survey about amenity, wellbeing, attachment to water and livelihoods.

Existing monitoring has gaps across economic, Aboriginal cultural, and social and cultural performance indicators in the Plan. This includes (but is not limited to):

- the recorded values of water quality measurements including salinity, sodium absorption ratio, harmful algal blooms, total nitrogen, total phosphorous, pH, water temperature and dissolved oxygen (for economic objectives),
- comparison of changes or trends in (Aboriginal cultural)
  - the use of water by Aboriginal people during the term of this Plan,
  - the recorded range or condition of target populations of riparian vegetation,
  - the recorded values of water quality measurements including salinity, harmful algal blooms, total nitrogen, total phosphorus, pH, water temperature and dissolved oxygen,
- consideration of the extent to which
  - the protection of identified cultural assets can be attributed to the strategies in subclause 10(3) of the Plan,
  - Aboriginal people have considered the operation of this Plan to be beneficial to meeting their needs for water-dependent Aboriginal cultural uses and values,
  - changes in the use of water by Aboriginal people can be attributed to the strategies in subclause 10(3) and provisions in this Plan,
- comparison of changes or trends in (social and cultural):
  - the recorded range or extent of target populations of native fish that are important for recreational fishing,
  - the recorded takes of native fish that are important for recreational fishing within legal age and size classes,
  - the recorded values of water quality measurements including salinity, harmful algal blooms, total nitrogen, total phosphorus, pH, water temperature and dissolved oxygen.

## 2.4 Recommendations

The auditor makes two recommendations in relation to these findings.

- R 1.1** DCCEEW to finalise development of systems and processes to facilitate monitoring of performance indicators established in the Plan and enable evaluation of the Plan's performance against its objectives.
- R 1.2** DCCEEW to monitor and evaluate performance indicators to measure the success of the strategies to reach the objectives set out in Part 2 of the Plan, and to use generated data to support decision making for plan implementation.

### 3 Criterion 2 – System Operation Rules

***Have the relevant responsible parties implemented Plan provisions relating to system operation rules?***

**Conclusion**

Provisions for system operation rules have partially been given effect to during the audit period. WaterNSW has procedures and systems in place to govern system operation rules. However, there are some gaps in managing the target environmental flow rules, environmental water allowance account and general system operation rules.

#### 3.1 Introduction

Part 10 provides rules for the system operations in the Plan, establishing rules for:

- Environmental flows – Division 1
- Environmental water allowance (EWA) – Division 2
- Consultation on environmental water releases – Division 3
- Other system operations including maintenance of supply rules, changes to rates of release – Division 4



WaterNSW is responsible for managing and operating the water supply system in the Plan area. WaterNSW also provides input to the resource allocations process to support DCCEE in the resource allocation and AWD decision making process. It also undertakes consultation with relevant government agencies and water user representatives as required in the Plan.

NRAR is responsible for undertaking compliance of WaterNSW system operations as these are written in the WaterNSW works approvals.<sup>4</sup> DCCEE issues the works approval that directs WaterNSW in its operations. DCCEE is also responsible for developing procedures in relation to water delivery and channel capacity constraints and the establishment of the environmental water advisory group (EWAG).



#### 3.2 Compliance summary

The auditor examined five audit questions that relate to system operation rules provisions. **Table 3** summarises the results of this analysis.

**Table 3 Compliance summary for system operation rules**

Plan clauses	Audit questions for Criterion 2	Compliance
Part 10	Are there procedures and systems in place to govern system operation rules?	
Part 10, Cl 46	Are the environmental flow rules given effect?	

<sup>4</sup> Roles and Responsibilities Agreement: DPE Water, NRAR and WaterNSW, [Schedule 1 – Version 1.3](#), p 6, Executed 30 June 2021.

Plan clauses	Audit questions for Criterion 2	Compliance
Part 10, Cl 47-49	Are the environmental water allowance provisions given effect?	
Part 10, Cl 50	Are there consultations that take place before taking any action under Division 1 of this Part?	NA
Part 10, Cl 51-56	Are the general system operation rules given effect?	

### 3.3 Findings

#### 3.3.1 Target environmental flow thresholds used and monitored by WaterNSW were different to the thresholds specified in the Plan

Clause 46 requires the operator to manage the water supply system in the water source to ensure that target environmental flows exceed the thresholds specified in Column 2 of Table A at the Paterson River at Gostwyck gauge (210079) for the dates specified in Column 1 of Table A in the Plan. The auditor reviewed the ACRs from 2019-20 to 2022-23 as prepared by WaterNSW and submitted to NRAR on or before 30 September each year.

The auditor identified that the minimum flow value thresholds in the ACRs<sup>5</sup> and reported against by WaterNSW were not consistent with those specified in the Plan. As such, flows required by the Plan for certain months (March to May and September to November) may not have been delivered due to the different flow thresholds identified in the work approval. The differences in the target environmental flows in the Plan, work approval and the CARM system are detailed below in **Table 4**.

**Table 4 Daily flow targets for the Paterson River at Gostwyck gauge (210079)**

Dates for which flow threshold applies	Target Environmental Flow for the Paterson River at Gostwyck gauge (210079) (ML/day)		
	Based on the Plan <sup>6</sup>	Based on Work Approval <sup>7</sup>	Based on CARM system configuration <sup>8</sup>
1 December to 28/29 February	10	10	10
1 March to 31 May	20	7	14 or 20 (certain days)
1 June to 31 August	19	32	19
1 September to 30 November	10	3	10

The target environmental flow thresholds used and monitored by WaterNSW (as per the ACRs in 2019-20 to 2022-23 water years) are the thresholds identified in the works approval rather than the Plan.

<sup>5</sup> Section 9, Condition 3 of ACRs for 2019-2020 to 2022-2023

<sup>6</sup> Clause 46(1) Table A of the Plan

<sup>7</sup> Work Approval 20WA204306

<sup>8</sup> Based on configurations in CARM system as per walkthrough with WaterNSW

### **3.3.2 Shortfalls of the target environmental flows identified in 2019-20 water year were redressed, using water from the Allyn River**

Clause 46(3) specifies that any exceedance of the daily environmental flow target resulting from tributary inflows, reduced demand or operator error cannot be used to redress any deficit of the environmental flows required by the Plan.<sup>9</sup>

WaterNSW indicated that shortfalls in target environmental flows identified in 2019-20 water year were subsequently redressed in the following days as specified in the ACR 2019-20. However, while the water to redress these shortfalls was primarily drawn from Lostock Dam, some water came from the Allyn River, which is a tributary of the Paterson River. This is not consistent with the requirements of the Plan.<sup>10</sup>

### **3.3.3 EWA rules in Division 2 of Part 10 were partially given effect to in the audit period**

Clause 47(2) requires that the operator must keep an account of water credited to, and debited from, the EWA. The auditor determined that the Plan EWA rules were partially given effect as while there is no specific EWA account kept in WAS to monitor water credited to, and debited from the EWA, the water required for EWA purposes is accounted for within the resource assessment process.

The auditor confirmed that appropriate volumes of EWA water were set aside in the resource assessment process at the start of the water year (1 July each year) and any unused EWA is discarded. No EWA release was made during the audit period. WaterNSW ACRs did not report balances relating to use of EWA water.

WaterNSW indicated that DCCEEW has work underway relating to establishing EWA accounts across NSW.

### **3.3.4 Inconsistencies were noted relating to the environmental flow values captured and the environmental flow thresholds used between the ACR, the Computer Aided River Management system (CARM) and the Plan**

The auditor conducted a walkthrough with WaterNSW on the system operation rules set up in CARM on 3 May 2024. During the walkthrough, the auditor identified a discrepancy between the ACR and the CARM system. The 2019-20 ACR reported that there was a total shortfall of 27.14 ML for the five-day period from 15 to 19 July 2019 in relation to the environmental flow thresholds as per the works approval (see **Table 4**) and that it was redressed in the following days. However, verification in the CARM system indicated that there was no shortfall during this period as the thresholds configured in CARM for this period were based on the Plan.

As discussed in **Section 2.7.1**, the ACR includes flow values different than those specified in the Plan. The auditor independently assessed flow values using RealTime data<sup>11</sup> and compared the assessment against the results as reported in the ACRs. This assessment indicated that:

- flow values captured in the CARM system have slight differences to the flow values captured in the RealTime data and as reported in the ACR

<sup>9</sup> Clause 46(2b) of the Plan

<sup>10</sup> Clause 46(3) of the Plan

<sup>11</sup> WaterNSW, [Real time water data](#)

- environmental flow thresholds configured within the CARM system are different than those specified in the Plan and in the work approval (see **Table 4** above).

Moreover, while comparing the RealTime data assessment using the thresholds specified in the Plan against the shortfalls as reported in the ACRs (which uses different thresholds, see **Table 4**), there were slight discrepancies in three periods specified as having shortfalls.

### 3.3.5 Clause 52 was partially given effect to in the audit period

Clause 52 specifies that in managing the water supply system, the operator must consider, determine and specify the water delivery and channel capacity constraints throughout the water source in accordance with procedures established by the Minister, considering each of the following:

- (a) the inundation of private land or interference with access
- (b) the effects of inundation on the floodplain and associated wetlands
- (c) the transmission losses expected to occur
- (d) the capacities of structures in the water supply system.

WaterNSW indicated that:

- Subclauses 52(a) and (b) are managed via the WaterNSW water supply works approval
- Subclause 52(c) is captured in the resource assessment process
- Subclause 52(d) is covered off in the Plan via the maximum release volume and in the Maintenance Manual and Early Warning Procedure Guide.

Subclauses 52 (a) and (b) do not appear to be covered in the ACR reported by WaterNSW. It is the view of the auditor that the Works Approval does not account for the inundation specified in subclauses 52(a) and (b).<sup>12</sup> WaterNSW indicated that the extraction or the regulated deliveries made from Lostock Dam are so low that there are no issues with channel capacity constraints even during the peak summer period. For example, when there is high demand and the maximum water to be released from Lostock Dam is 70-80 ML per day, this is still within the existing channel capacity constraints identified within the works approval and the Plan. WaterNSW stated that they principally encounter issues with channel capacity issues during high flow periods, that is flooding. DCCEEW has not established the procedure specified in the Plan to give effect to Clause 52 and enable WaterNSW to determine and specify the water delivery and channel capacity in accordance with subclauses 52 (a) and (b). Despite this, WaterNSW indicated the rules in its works approval contribute to supporting the implementation of this clause. However, the auditor does not consider subclauses 52(a) and (b) to be covered in the work approval and the procedure should still be established by DCCEEW to give effect to the requirements of subclauses 52(a) and (b).

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<sup>12</sup> Condition 5 of the works approval relates to rates of change in releases and indicates that the Approval Holder must determine the rules for rates of change in accordance with procedures established by the Minister.



### 3.4 Recommendations

The auditor makes five recommendations relating to these findings.

<b>R 2.1</b>	<ul style="list-style-type: none"><li>a) DCCEEW to update WaterNSW's work approval to align its target environmental flows threshold requirements as identified in Clause 46 of Part 10 of the Plan.</li><li>b) Once DCCEEW has updated the work approval, WaterNSW to update its systems and procedures to ensure it is operating in accordance with the correct thresholds as specified in the updated work approval.</li></ul>
<b>R 2.2</b>	WaterNSW to manage the water supply system in the Paterson Regulated River Water Source to ensure that tributary inflows are not used to redress environmental flow shortages, in accordance with Clause 46(3).
<b>R 2.3</b>	<ul style="list-style-type: none"><li>a) DCCEEW to establish the Environmental Water Allowance account for the Paterson Regulated River.</li><li>b) WaterNSW to use the account established in <b>R 2.3a</b> to manage the Environmental Water Allowance for the Paterson Regulated River as per Clause 48.</li></ul>
<b>R 2.4</b>	WaterNSW to identify the root cause for the discrepancy noted between the ACR and the CARM system, resolve the discrepancy and notify NRAR accordingly.
<b>R 2.5</b>	DCCEEW to establish the procedures to enable WaterNSW to consider, determine and specify the water delivery and channel capacity constraints taking into account clauses 52 (a) and (b).

## 4 Criterion 3 – Long-term average annual extraction limits

### *Have the relevant responsible parties implemented plan provisions relating to long-term average annual extraction limits?*

#### Conclusion

DCCEEW has not determined average annual extraction at the completion of each water year or assessed compliance with the long-term average annual extraction limits (LTAAELs) in the Plan. The LTAAEL provisions therefore have not been implemented for the audit period. The NSW non-urban metering reforms are expected to generate improved data and reporting on the volume of water taken, which may support future LTAAEL compliance assessments for this Plan.

### 4.1 Introduction

Part 6 of the Plan provides rules for the long-term average annual extraction limits (LTAAELs) for the Paterson Regulated River water source. These clauses require that the volume of water taken in each water source must be calculated after each water year. The average extraction over a period of years is then calculated to compare it with the LTAAEL. If the average annual extraction is greater than the LTAAEL compliance trigger (three percent greater than the LTAAEL), then compliance actions must be taken to return average annual extractions to the LTAAEL. These actions may include a reduction in available water determinations for supplementary water access licences and regulated river (general security) access licences.

DCCEEW is responsible for calculating annual extraction and average annual extraction and undertaking LTAAEL compliance assessments across NSW.

### 4.2 Compliance summary

The auditor examined five audit questions that relate to LTAAEL provisions. **Table 5** summarises the results of this analysis.

**Table 5 Compliance summary for LTAAEL provisions**

Plan clauses	Audit questions for Criterion 3	Compliance
Part 6	Are there procedures and systems in place to govern LTAAEL assessment and compliance in this water source?	✗
Part 6, Cl 25	Was the LTAAEL required to be varied due to changes in the volume of licenced environmental water, and if so, was it updated?	✓
Part 6, Cl 26	Has average annual extraction of the water source (including all categories of access licences and domestic and stock rights and native title rights domestic and stock rights and native title rights) been calculated for each water year?	✗
Part 6, Cl 27	Has compliance with LTAAEL been assessed for the water source for every year that it was required?	✗

Plan clauses	Audit questions for Criterion 3	Compliance
Part 6, Cl 28	Was the water source non-compliant with the LTAAEL (in 2021-22 and 2022-23)? If so, what actions were/are being undertaken? Were these actions in line with those outlined in the compliance with limits clause(s) of the Plan?	NA <sup>13</sup>

### 4.3 Findings

DCCEEW indicated that there are no systems, processes, or procedures in place to support the implementation of Plan provisions relating to LTAAEL during the audit period. This includes systems and processes that would enable the determination of:

- volume of all water taken within the extraction management units across the Plan
- LTAAEL compliance assessment.

The accurate measurement and reporting of water use by all water users, or an appropriate assessment methodology, is required to determine annual extraction and undertake LTAAEL compliance.

There is currently limited metering of water use in the Plan area. The Plan rules do not require water users to record water usage via logbooks. Clause 59(5) specifies that water extraction, water management infrastructure and cropping details must be provided on request, in the form and in accordance with procedures established by the Minister. This audit does not provide an opinion regarding compliance of holders of water access licences.<sup>14</sup> DCCEEW indicated that most of the water usage data captured in Water Accounting System (WAS) is from metered reporting, however the roll out of non-urban metering will likely improve the quality of the metering data. The WAS shows that the average metered use for the previous three years is 1,013 ML per year and the Plan estimates basic rights usage of 548 ML per year. This results in a total estimated use of 1,561 ML per year against an LTAAEL of 11,175 ML per year. Therefore, DCCEEW estimates that annual usage based on these data is well below the permissible limit. The auditor considers that accurate water usage data is a key input for making assessments of compliance with LTAAELs.

The NSW non-urban metering rules will generate metered water usage data and will also require annual reporting for water take that is exempt from metering requirements from 1 December 2024 for the Plan.<sup>15</sup> According to these requirements, water users that do not trigger a requirement for a meter must report water take within 28 days of the end of the water year (30 June).<sup>16</sup> This includes a six monthly reporting requirement for water users where no water take occurs.<sup>17</sup> It may take some time to transition to the use of actual water use data for the purpose of determination of annual extraction and LTAAEL compliance assessments flowing from the changes associated with the non-urban metering rules. A significant delay would highlight the importance of finalising the interim methodology for LTAAEL compliance in the Plan area.

<sup>13</sup> No assessment of annual extraction, average annual extraction of LTAAEL compliance was undertaken by DCCEEW over the audit period. Therefore, the auditor was unable to determine compliance with the LTAAEL, or whether compliance actions were in accordance with the provisions of the water sharing plan.

<sup>14</sup> NRC (2023). [Audit framework for water management plan audits](#), p 10.

<sup>15</sup> DPE-Water (2022). [Metering extension for Coastal and Southern Inland Water Users](#).

<sup>16</sup> DCCEEW (n.d.). [What water users need to know](#).

<sup>17</sup> Ibid

## 4.4 Recommendation

The auditor makes one recommendation in relation to this finding.

<b>R 3.1</b>	DCCEEW to manage Long Term Average Annual Extraction Limits (LTAAEL) and assess LTAAEL compliance for the Plan in accordance with Part 6 (Clauses 25-28). This should be supported by: <ul style="list-style-type: none"><li>(a) water use data from the rollout of the non-urban metering reforms</li><li>(b) other assessment methodologies in the absence of comprehensive water use data, if required.</li></ul>
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## 5 Criterion 4 – Available Water Determinations

### ***Have the relevant responsible parties implemented plan provisions relating to Available Water Determinations?***

#### **Conclusion**

Provisions for Available Water Determinations (AWD) have partially been given effect during the audit period.

DCCEEW has procedures and systems in place to govern AWD rules. However, there were some gaps in undertaking the resource assessments during the audit period, with DCCEEW not undertaking explicit resource assessment calculations prior to issuing AWDs in a number of water years. While DCCEEW advised the required components of the resource assessment were calculated, the values were combined and could not be verified.

### 5.1 Introduction

Available Water Determinations (AWDs) are governed by Part 6 of the Plan. They enable the allocation of water to access licences according to the amount of entitlement. Under this Plan, AWDs are 1 ML per unit share or 100 percent allocation for most types of access licences.

DCCEEW is responsible for determining AWDs for all water sources and licence types in NSW. DCCEEW issues AWDs via a statutory water order that commences on 1 July of each water year, or they may alternatively be issued periodically throughout the year. These AWD orders are published on the DCCEEW website.<sup>18</sup> DCCEEW prepares water allocation statements to accompany AWD orders. The water allocation statements are made publicly available and may include details such as past and future climate forecasting.<sup>19</sup>

AWD orders provide the authorisation for WaterNSW to credit accounts of licensed water users with the volume or share of water specified in the order. WaterNSW indicated that DCCEEW provides AWD details via spreadsheet to assist with administrative processing. WaterNSW applies AWDs to the accounts of all water access licences in its WAS.<sup>20</sup>

DCCEEW is responsible for reducing the AWD if the LTAAEL compliance assessment indicates that the LTAAEL has been exceeded in accordance with the Plan provisions.<sup>21</sup>

### 5.2 Compliance Summary

The auditor examined five audit questions that align with the clauses of Part 6 of the Plan that relates to AWDs. The results of this analysis are shown in **Table 5**.

<sup>18</sup> DCCEEW (n.d.) [Available water determinations](#)

<sup>19</sup> DCCEEW (n.d.) [Water allocation statements](#)

<sup>20</sup> *Roles and Responsibilities Agreement: DPE Water, NRAR and WaterNSW*, [Schedule 1 – Version 1.3](#), p 15, Executed 30 June 2021.

<sup>21</sup> DPIE (2021). [Extraction limits](#).

**Table 5 Compliance summary for AWD provisions**

Plan clauses	Audit questions for Criterion 4	Compliance
Part 6	Are there procedures and systems in place to govern the AWD process for this water source?	✓
Part 6, Cl 29	Were AWDs expressed correctly in AWD Orders in 2019-20, 2020-21, 2021-22 and 2022-23?	✓
Part 6, Cl 29	Did the sum of AWDs exceed specified limits in 2019-20, 2020-21, 2021-22 and 2022-23 (in AWD Orders or as applied to accounts)?	✓
Part 6, Cl 230-34	Were AWDs given at the commencement of the Plan in line with the Plan provisions for domestic and stock, regulated river (high security) (town water supply), regulated river (high security), regulated river (general security) and supplementary water access licences?	~
Part 6, Cl 32(3)-33(2)	Were AWDs for regulated river (high security) and regulated river (general security) per water year given only after sufficient water was made available as per Plan requirements?	~

### 5.3 Findings

Subclause 32(3) requires that the Minister must not make an AWD for regulated river (high security) access licence at the commencement of each water year unless sufficient water is available for the following:

- (a) to meet the provisions in Divisions 1 and 2 of Part 10,*
- (b) to meet the requirements for basic landholder rights,*
- (c) to make available water determinations totalling 100% of access licence share components for domestic and stock access licences,*
- (d) to make available water determinations totalling 100% of the access licence share component for regulated river (high security) (town water supply) access licences,*
- (e) to provide for existing water allocations in regulated river (general security) access licence water allocation accounts, and*
- (f) to account for water losses associated with holding and delivering the water –*
  - (i) to be made available to regulated river (high security) access licences under subclause (2), and*
  - (ii) referred to in paragraphs (a)–(e) above.’*

Subclause 33(2) requires that the Minister must not make an AWD for regulated river (general security) access licence at the commencement of each water year unless sufficient water is available for the following:

- (a) to make available water determinations totalling 1 ML per unit of share component for regulated river (high security) access licences in accordance with clause 31, in that water year and the following water year,*
- (b) to account for water losses associated with holding and delivering the water to be made available to regulated river (general security) access licences at commencement of the water year.’*

The auditor reviewed the resource assessment calculations for the audit period from 2019-20 to 2022-23 water years. There were no resource assessments undertaken on 1 June 2019, 1 June 2020 and 1 June 2021 to support the 100% AWD made for regulated river (high security) and regulated river (general security) access licences as required in clauses 32(3) and 33(2) of the Plan. The auditor confirmed with DCCEEW that the resource assessment is generally completed in the middle of June for an AWD announcement on 1 July each year.

A review of the resource assessments indicated that the following items did not appear to be explicitly assessed (unless otherwise specified below):

- Division 1 of Part 10 (environmental flow rules) as per subclause 32(3)(a)
- basic landholder rights (except on 1 May 2019 and 1 July 2019) as per subclause 32(3)(b)
- domestic and stock access licence share components as per subclause 32(3)(c) (were not explicitly stated on 1 May 2019 and 1 July 2019 only)
- existing water allocations in regulated river (general security) as per subclause 32(3)(e)
- water losses associated with holding and delivering the water as per subclause 33(2)(f)
- AWD for regulated river (high security) access licences in the “following water year” as per subclause 33(2)(a)
- water losses associated with holding and delivering the water to be made available to regulated river (general security) access licences as per subclause 33(2)(b).

DCCEEW advised that the above items were grouped together with other items (for instance, existing water allocations in regulated river (general security) was included in ‘Operation’ under ‘System Losses’ in the resource assessment).

The auditor also notes that the AWD Order in 2019-20 was the *Available Water Determination Order for the Hunter and Paterson Regulated River Water Sources 2019*. However, under Schedule 1 of the Order, it states that it applies to the previous plan (the *Water Sharing Plan for the Paterson Regulated River Water Source 2007*). DCCEEW confirmed that there was only one AWD order made in 2019 for the Plan and that the advice given, when the Order was signed, was that it needed to relate to an existing Plan. The Order was signed (26 June 2019) prior to the commencement of the new Plan (on 1 July 2019). Hence, the Order related to the Plan existing at the time. DCCEEW has changed this approach by adding an "if statement" to include a new plan(s), should one commence after the order is made.

## 5.4 Recommendation

The auditor makes one recommendation in relation to this finding.

**R 4.1**

DCCEEW to complete resource assessment calculations incorporating the Plan requirements before making Available Water Determinations. The resource assessment calculations should assess all elements required in clauses 32(3) and 33(2) of the Plan. To support this, and for transparency, DCCEEW to review and complete the *Resource Assessment Summary Manual* for public release and align the resource assessment spreadsheets with the published manual, ensuring elements in clauses 32(3) and 33(2) are explicitly captured.

## 6 Criterion 5 – Granting access licences

### ***Have the relevant responsible parties implemented plan provisions relating to granting access licences?***

#### **Conclusion**

DCCEEW has procedures and systems in place to manage the specific purpose access licence granting process for this Plan. These include a published application guide,<sup>22</sup> an application form,<sup>23</sup> and various procedural and policy documents.

No specific purpose access licences were granted in the Plan for the audit period. DCCEEW advised that a specific purpose Aboriginal cultural application had been recently received (2023-2024 water year) and is currently being assessed. The assessment process had not been completed by DCCEEW at the time of audit finalisation.

### 6.1 Introduction

Part 7 of the Plan sets out provisions for the granting of specific purpose access licences. Examples of specific purpose access licence included within the Plan are licences issued for domestic and stock, domestic and stock (domestic) and domestic and stock (stock) purposes. The Plan has a rule that a specific purpose access licence must not be granted unless the share and extraction component of the licence is the minimum required for the proposed use.

DCCEEW manages the granting of most specific purpose access licence applications. For example, it manages the granting of licences to Aboriginal communities, local councils, water utilities and state-owned corporations.<sup>24</sup> Applications may be made to DCCEEW for categories of specific purposes access license including local water utility licences (subcategory ‘domestic and commercial’), aquifer access licences (subcategory ‘town water supply’), any category of specific purpose access licence (subcategory ‘Aboriginal cultural’) for Aboriginal cultural purposes and in some areas salinity and water table management access licences.<sup>25</sup> DCCEEW advised that majority of specific purpose access licence applications are submitted by local water utilities for town water supply and these application are referred to the Water Utilities branch of Operations and Resilience Division within DCCEEW to determine if the volume applied for is adequate and justified in relation to demand management.

WaterNSW is responsible for managing the granting of the domestic and stock category (subcategory “domestic”) of specific purposes access licences. The auditor reviewed WaterNSW’s application and guidance documentation for specific purpose access licences.

<sup>22</sup> DPE (2022) [Guide to applying for a new water access licence with a specific purpose](#).

<sup>23</sup> DPE (2022) [Application form: New water access licence with a specific purpose](#).

<sup>24</sup> DPE (n.d.) [How to apply for a water access licence](#); and WaterNSW (n.d.) [Welcome to Water Applications Online](#).

<sup>25</sup> NRAR was previously responsible for the granting of specific purpose access licences, however this function was transferred to DCCEEW during the audit period in mid-2022 (DCCEEW (2022) [Water news – May 2022 – Issue 35](#)). In cases where the auditor has made audit findings relevant to the period where NRAR managed this licensing function, any recommendations have been directed to DCCEEW as the agency with the current responsibility.



## 6.2 Compliance summary

The auditor examined four audit questions relevant to the granting access licence provisions under the Plan. The results of this analysis are shown in **Table 6**.

**Table 6 Compliance summary for granting access licences provisions**

Plan clauses	Audit questions for Criterion 5	Compliance
Part 7	Are there procedures and systems in place to govern the granting of specific purpose access licences?	✓
Part 7, Cl 35(1)	Were any specific purpose access licences that were granted in 2019-20, 2020-21, 2021-22 or 2022-23 assessed that the volume was the minimum required for the purpose?	✓
Part 7, Cl 35(2)	Is it possible for water users to apply for regulated river (high security) (Aboriginal cultural) access licences?	✓
Part 7, Cl 35(3)	Were any regulated river (high security) (Aboriginal cultural) access licence applications in 2019-20, 2020-21, 2021-22 or 2022-23 assessed and granted with a maximum of 10 ML per year share component?	✓

## 6.3 Findings

DCCEEW advised that no specific purpose access licenses were granted during the audit period. The auditor verified this in the NSW Water Register and confirmed that no access licences were granted across the audit period. DCCEEW additionally stated that no specific purpose access licences applications were rejected during the audit period.

DCCEEW indicated that its Licensing and Approval Team had recently received the first specific purpose Aboriginal cultural water licence application for the Plan. DCCEEW stated that assessment of the application will involve consultation with officers from its Aboriginal Water Program area. The assessment of this application had not been completed at audit finalisation.

DCCEEW's procedures and systems to support the application and assessment of Aboriginal cultural access licences are general and not specific to this licence category. A DCCEEW published a factsheet states, "*A framework that more clearly outlines how these (Aboriginal cultural access licence) applications are considered needs to be developed*". DCCEEW indicated that it has commenced development of purpose-built resources to support the application and assessment for Aboriginal cultural access licences to address these issues.

DCCEEW's internal policy and procedure to support the provision of specialist advice on licence applications has not been updated with the names of responsible agencies after the transfer of licence granting responsibilities from NRAR to DCCEEW and would benefit from a review and update being made. However, the auditor considers this issue as not material and makes no recommendation in this audit.

The auditor makes no recommendations for this criterion.

## 7 Criterion 6 – Managing access licences

### ***Have the relevant responsible parties implemented plan provisions relating to managing access licences?***

#### **Conclusion**

Provisions for managing access licences have partially been given effect to during the audit period. The auditor identified that the water account keeping provisions with exception to supplementary water access licences were being implemented as required by the Plan. However, some gaps were identified in relation to implementation of supplementary water event provisions.

### 7.1 Introduction

Part 8 of the Plan provides rules for the operation of water allocation accounts and managing access licences. These include maximum water account debits imposed on licences to define the permitted annual take, and carryover provisions for water remaining in an account to be carried over from one year to the next. These provisions may vary between licence categories within the Plan.

Under its Operating Licence, WaterNSW is required to keep a water allocation account for each access licence under Section 85(1) of the Act.<sup>26</sup> WaterNSW is also responsible for managing water allocation accounts<sup>27</sup> and implementing plan provisions under Part 8 of the Plan. The WAS is used by WaterNSW to manage water allocation accounts and the online Water Accounting System (iWAS) is available to licenced water users to access information and manage their water accounts.<sup>28</sup>

As part of the audit of this criterion, the auditor has not provided an opinion regarding the compliance of individual licence holders. NRAR is the independent regulator responsible for compliance and enforcement of water users in NSW.<sup>29</sup>

### 7.2 Compliance summary

The auditor examined four audit questions relevant to the managing access licence provisions under the Plan. The results of this analysis are shown in **Table 7**.

**Table 7 Compliance summary for managing access licences provisions**

Plan clauses	Audit questions for Criterion 6	Compliance
Part 8	Are there systems in place to manage water access licence accounts?	✓
Part 8, Cl 36	Were the credits to and debits from an individual water allocation account given effect?	✓
Part 8, Cl 37	Were the correct limits on water allocation accounts and carryover implemented for each licence category and subcategory?	✓
Part 8, Cl 38-39	Were supplementary water events provisions given effect?	✗

<sup>26</sup> IPART (2022) [Water NSW operating licence 2022-2024](#), p 38.

<sup>27</sup> IPART (2022) [Water NSW operating licence 2022-2024](#), p 42.

<sup>28</sup> WaterNSW (n.d.) [Ordering water](#).

<sup>29</sup> NRAR (n.d.) [Who we are](#).

## 7.3 Findings

The debiting configuration rules for all existing water supply works nominated by the access licences with exception to supplementary water access licence are consistent with Clause 36(1). There is no official debiting protocol in place, but the ordering and debiting of water has been coded into WAS since July 2007 (original plan commencement).

The auditor has also verified that the carryover rules in Clause 37 except supplementary water access licence (subclause 37(4)) have been configured in the WAS in accordance with the Plan provisions.

Clause 38 of Part 8 of the Plan specifies that the holder of a supplementary water access licence may only take water in accordance with supplementary water event announcements made by the Minister. WaterNSW provided a supplementary water event report for the audit period which indicated that six events occurred during the audit period. These included two supplementary events in 2022-23 water year and four in 2023-24 water year.<sup>30</sup>

The auditor has determined that the supplementary event provisions in clause 39 were not given effect to based on the following:

- WaterNSW monitors the flows in the water source at the Paterson River downstream of Lostock Dam gauge (210021). However, the flows (ML/day) monitored downstream of Lostock Dam (prior to announcing a supplementary water event) as per the ACRs specifies "40 or 2S" (ML/day) (where "S" is the volume of the total installed pump capacity for water supply works nominated on a supplementary access licence in the Paterson Regulated River Water Source, (100 ML current capacity)), are not compliant with clauses 39(2) or 39(3), which specify that supplementary water events must commence and cease when the flows in the water source at the Paterson River downstream of Lostock Dam gauge have exceeded 40 ML/day for at least 12 hours or have decreased below 40 ML/day, respectively.
- there were no calculations made on the maximum volume of water that may be taken for the supplementary events announced during the audit period using the formula in clause 39(4).
- none of the six supplementary water flow access announcements met the requirements of 39(5) and 39(6)(b), which both require an extraction limit (or the amount of water that may be taken).
- Clause 39(6)(a) requires announcements to include the start or end date, or both, of the supplementary water event. Four out of the six announcements specified the start time and date of the supplementary event while two of the six announcements did not specify in the body of the announcement the start date. None of the announcements included the end date of the supplementary water event. For the two announcements that did not include a start or end date, the auditor deemed the date of the announcement as the start date. Hence, clause 39(6) was partially complied with.

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<sup>30</sup> To the period ending 1 April 2024.

## 7.4 Recommendation

The auditor makes the below recommendations in relation to this finding.

<b>R 6.1a</b>	WaterNSW to calculate the maximum volume of water that may be taken and/or limit of the extraction (taking into account the trigger for commencement and cessation) before a supplementary water event is announced
<b>R 6.1b</b>	WaterNSW to specify in the supplementary event announcement the start or end date, or both, of the supplementary water event and the extraction limit or the amount of water that may be taken by each supplementary access licence holders to give effect to Plan clauses 38 and 39.

## 8 Criterion 7 – Access licence dealing rules

***Have the relevant responsible parties implemented plan provisions relating to access licence dealing rules?***

### **Conclusion**

Access licence dealings have been processed in accordance with the requirements of the Plans and the *Access Licence Dealing Principles Order 2004*. WaterNSW has systems and processes that allow dealings to be assessed in line with these requirements.

### 8.1 Introduction

Rules that allow or restrict access licence dealings are set by the Act, Regulation, the *Access Licence Dealing Principles Order 2004* and the Plan. Part 9 of the Plan provides rules relating to various dealings in the Paterson Regulated River Water Source. Dealing types established under the Act that are referenced or regulated by the Plan are 71O, 71Q, 71R, 71T, 71U, 71V and 71W. The auditor has tested the implementation of Plan provisions for 71T and 71Q dealings. The auditor also tested rules relating to these dealings under the *Access Licence Dealing Principles Order 2004* where possible.

The auditor did not assess 71M, 71N, 71P, 71QA, 71X or S74 dealings under this audit. These types of dealings are either less common, substantially administrative or less relevant; and none of these dealings are described or regulated by the Plan. The auditor did not test requirements under the Act or Regulation for dealings under this audit which is focussed on assessing whether the provisions of the Plan are being given effect to.

WaterNSW is responsible for managing dealings of water access licences, licence entitlements and allocations. This includes responsibility for all dealings under the Act that are not managed by Land Registry Services (LRS).<sup>31</sup> The auditor did not test the role of LRS under this audit. DCCEEW provides advice and assessment to WaterNSW for 71T, 71P, 71Q and 71W dealings, among other assessments.<sup>32</sup> The auditor did not audit DCCEEW's activities during the audit period in relation to dealings, as this is a supporting role and WaterNSW has responsibility for undertaking all dealings and trade tasks for all persons.<sup>33</sup>

WaterNSW currently uses the Water Licensing System (WLS) to process permanent dealings (such as 71Q and 71W dealings), and the Water Accounting System (WAS) to process temporary dealings (such as 71T). WaterNSW has projects occurring under the Water Added Value Environment (WAVE) program, with the intent to consolidate data platforms including licensing and usage data in the future.<sup>34</sup>

### 8.2 Compliance summary

The auditor examined seven audit questions that relate to dealings provisions. Where a sample of processed dealings was available (71T and 71Q), the auditor tested implementation of rules under the Plan and the *Access Licence Dealing Principles Order*.

<sup>31</sup> *Roles and Responsibilities Agreement: DPE Water, NRAR and WaterNSW*, [Schedule 1 – Version 1.3](#), p 16, Executed 30 June 2021.

<sup>32</sup> *Ibid*

<sup>33</sup> *Ibid*

<sup>34</sup> NSW Chief Scientist & Engineer (2020) [Review of water-related data collections, data infrastructure and capabilities](#).



The auditor reviewed one sample of 71T dealing and received a summary of permanent dealings which included bundled dealing types. Of these dealing types, a 71Q dealing was tested. The Water Licensing System that is used to process dealings reports any 71O, 71P, 71R, 71S and 71W dealings as a bundle of dealing types (“71O/R/S/W” for example).

WaterNSW’s systems and procedures generally support assessment of Plan rules for dealings. However, the Commission has previously made a recommendation for WaterNSW to update its processing of dealings to avoid the bundling of multiple dealing types as part of the WaterNSW transition to the new consolidated data platform under the WAVE program. Adopting an improved approach to documentation and categorisation of dealings data will improve data quality and support compliance processes. While the auditor continues to support this recommendation, a similar finding and recommendation has not been made as part of this audit as there are certain circumstances where the bundled permanent dealings impacted by the current naming conventions under the Water Licensing System (71P, O, R, S and W dealings) can occur under the Plan.

There was one 71Q dealing which occurred during the audit period. Based on information in the Water Register, the share components were assigned from and to the Paterson Regulated River Water Source, which appears to be consistent with the requirements of Clause 41 of the Plan.

**Table 8** summarises the results of the auditor’s analysis.

**Table 8 Compliance summary for access licence dealing rules**

Plan clauses	Audit questions for Criterion 7	Compliance
Part 9	Were there procedures and systems in place to ensure dealings rules in the Plan are followed and prohibited dealings do not take place?	
Part 9, Cl 40	Were rules for the conversion of access licences to new category dealings followed? (71O)	
Part 9, Cl 41	Were rules for assignment of rights dealings followed? (71Q)	
Part 9, Cl 42	Were rules for amendment of share component dealings (change of water source) followed? (71R)	
Part 9, Cl 43	Were rules for assignment of water allocations dealings followed? (71T)	
Part 9, Cl 44	Were rules for interstate access licence transfer and assignment of water allocations dealings followed? (71U and 71V)	
Part 9, Cl 45	Were rules for nomination of water supply works dealings followed? (71W)	

### 8.3 Findings

To assess if dealing rules were given effect, the Commission assessed a 71T and 71Q dealing made during the audit period. The auditor found no gaps to requirements from the sample tests performed. WaterNSW’s systems and procedures also generally support assessment of Plan rules for dealings. The auditor makes no recommendations for this criterion.

<sup>35</sup> Finding based on a system level assessment

## 9 Criterion 8 – Mandatory conditions

### ***Have the relevant responsible parties implemented plan provisions relating to mandatory conditions?***

#### **Conclusion**

Provisions for mandatory conditions rules have been partially given effect to during the audit period. Most mandatory conditions were given effect on water access licences and water supply work approvals. There were some gaps in conditions applied to licence and approval holders around metering requirements and the cessation of those conditions upon implementation of the non-urban metering requirements and requirements related to water extraction, water management infrastructure and cropping details.

DCCEEW and WaterNSW generally have systems and processes in place to apply, manage and notify licence and approval holders of mandatory conditions, as relevant to their roles. However, licensees and approval holders were not notified of their conditions within a reasonable time from Plan commencement. This was due in part to the transfer of responsibility from NRAR to DCCEEW, and competing priorities. The DCCEEW Standard Operating Procedure is expected to include target timeframes for notification and further support the management of mandatory conditions once completed in July 2025.

### 9.1 Introduction

Part 11 of the Plan provide requirements for mandatory conditions that must be applied to water access licences and water supply work approvals. The auditor tested some additional elements of the Act and Regulation where these support, or alter, the implementation of mandatory conditions under the Plan. The auditor tested conditions on specific purpose access licences and notification of updates to existing licence and approval conditions under the Act.

DCCEEW is responsible for managing mandatory conditions for existing access licences and water supply work approvals. Upon commencement of a new water sharing plan, DCCEEW is responsible for developing mandatory conditions that give effect to plan provisions, identifying the water access licences and water supply work approvals that the conditions apply to, and applying the conditions.<sup>36</sup> WaterNSW notifies all relevant water access licences and water supply work approvals holders of the changes to the conditions.<sup>37</sup>

WaterNSW and DCCEEW are each responsible for applying mandatory conditions during the process of granting any new water access licences or water supply work approvals for their customers.<sup>38</sup> The Water Licensing System (WLS) is the system in which mandatory conditions are applied to water access licences and water supply work approvals.

### 9.2 Compliance summary

The auditor examined 15 audit questions that relate to mandatory conditions provisions. **Table 9** summarises the results of this analysis. The auditor assessed the conditions that were in place at the time of audit analysis, which included some testing of systems and

<sup>36</sup> *Roles and Responsibilities Agreement: DPE Water, NRAR and WaterNSW*, [Schedule 1 – Version 1.2](#), Executed 30 June 2021, p10-11, 22.












<sup>37</sup> *Ibid*

<sup>38</sup> *Ibid*

processes. At the time of analysis, the non-urban water metering requirements under the Regulation do not apply to this Plan until 1 December 2024.

The auditor used the Water Register to view mandatory conditions, as previously advised by WaterNSW. The auditor sampled a range of water access licences and water supply work approvals under the Plan, including some that were granted before the Plan commenced for both WaterNSW and DCCEEW customers and a range of licence types. The auditor reviewed the conditions for four water access licences and three water supply work approvals.

**Table 9 Compliance summary for mandatory conditions provisions**

Plan clauses	Criterion 8 audit questions	Compliance
<b>Water access licences and water supply work approvals</b>		
Part 11	Are there procedures and systems in place to govern the development and application of mandatory conditions and notification?	
<i>Water Management Act S 67, S 100A and S 102</i>	Were all access licence holders and water supply work approval holders (existing on plan commencement and those granted since plan commencement) for the sample tested notified of their conditions within a reasonable timeframe?	
<b>Water access licences</b>		
Part 11, Cl 58(1)(a)	Does the access licence have mandatory conditions to give effect on making notifications upon becoming aware of a breach of any condition as required by the Plan?	
Part 11, Cl 58(1)(b), 58(2)	Does the access licence have mandatory conditions to give effect to the take of water required by the Plan?	
Part 11, Cl 58(3)	Does the access licence have mandatory conditions to give effect to the domestic and stock access licence rules as required by the Plan?	
Part 11, Cl 58(4)	Does the access licence have mandatory conditions to give effect to the supplementary water events rules as required by the Plan?	
Part 11, Cl 58(5)	Does the access licence have mandatory conditions to give effect to the provisions required by the Plan?	
<i>Water Management Act S 66(2A)</i>	Do specific purpose access licences have a condition to limit them to the purpose for which they were granted?	
<b>Work approvals</b>		
Part 11, Cl 59(2)	Did the water supply work approvals sampled have mandatory conditions to give effect to taking of water as specified in Part 8?	
Part 11, Cl 59(3)	Did water supply work approvals sampled have mandatory conditions to give effect when the approval holder becomes aware of a breach of condition?	
Part 11, Cl 59(4), (8) and (9)	Did water supply work approvals sampled have mandatory conditions to give effect to the metering conditions	



Plan clauses	Criterion 8 audit questions	Compliance
	required, including conditions for the cessation of these conditions?	
Part 11, Cl 59(5)	Did water supply work approvals sampled have mandatory conditions to give effect to the water extraction, water management infrastructure and cropping details conditions required?	✗
Part 11, Cl 59(6)	Did water supply work approvals sampled have mandatory conditions to give effect to taking of water (in accordance with the conditions applying to the access licence) conditions required?	✓
Part 11, Cl 59(7)	Did the sampled water supply work approval held by WaterNSW have no mandatory conditions relating to metering, water extraction, water management infrastructure and cropping details, and taking of water conditions (subclauses 59(4) to (6))?	✓
Part 11, Cl 59(10)	Do water supply work approvals sampled have mandatory conditions as required to implement the provisions of this Plan without limiting subclauses (1) to (6)?	✓

## 9.3 Findings

### 9.3.1 Delayed notification of the existing access licence and water supply work approval holders

DCCEEWS draft Standard Operating Procedure is being developed and contains information on mandatory conditions applied in bulk to water access licences and approvals. DCCEEWS indicated that this procedure is due to be completed by July 2025, after this audit is finalised and advised that the relevant team has been experiencing a high workload.

The auditor found that the existing access licence and water supply work approval holders were notified of the mandatory conditions three years and two months (on 31 August 2022) after Plan commencement. The delay in notification was due in part to NRAR not updating the mandatory conditions to reflect the new Plan, and the responsibility being transferred to DCCEEWS on 9 December 2019 – five months after Plan commencement. DCCEEWS subsequently prioritised other mandatory conditions work including for the non-urban water metering roll-out, resulting in a considerable delay in reviewing, updating, and notifying licence and approval holders of the mandatory conditions. Timeline targets for notification have been defined by DCCEEWS as required by IPART, and will be included in the Standard Operating Procedure.

### 9.3.2 Some mandatory conditions were not given effect

While most mandatory conditions were present on the sampled licences and works approvals, gaps were observed. Clause 59(4) specifies that flow measurement devices must be installed and maintained on all works used for extraction of water under an access licence and must be of a type and maintained in a manner, which is acceptable to the

Minister. Subclauses 59(8) and (9) relate to subclause (4), and outline when it should cease to have effect.<sup>39</sup>

While subclause (9) requires the condition under subclause (4)<sup>40</sup> to have been removed on 1 December 2023, which was intended to align with the roll-out of the non-urban water metering guidelines, subclause (4) was never applied to licences. The Plan clause 59(4) was therefore never implemented as it should have been. Metering conditions under the previous plan (which conveys the same meaning as clause 59(4)) were removed from all approvals when the Plan commenced in 2019. DCCEEW considered the wording of the Plan provision to be too vague to specify as a condition as the Minister had not determined ‘acceptable’ and that therefore a condition should not be imposed. The lack of metering requirements since 2019 on these licences poses a risk to implementing the Plan provisions as intended despite the expected low level of extraction.

Clause 59(5) specifies that water extraction, water management infrastructure and cropping details must be provided on request, in the form and in accordance with procedures established by the Minister. DCCEEW has not imposed this condition on water supply works approvals as there are no procedures established by the Minister. DCCEEW is also of the position that this subclause should have a provision to repeal the rule on the date the new recording and reporting requirements under the Regulation apply. DCCEEW advised this issue was logged using the amendment process in July 2023 and expect this issue will be superseded by the rollout of the non-urban water metering requirements on 1 December 2024.

## 9.4 Recommendations

The auditor has two recommendations based on these findings.

<b>R 8.1</b>	DCCEEW to complete work to improve systems and processes for notifying licence and approval holders of mandatory conditions, including the Standard Operating Procedure, the draft of which states the notification date will be agreed and documented by WaterNSW and DCCEEW.
<b>R 8.2</b>	DCCEEW to put systems and processes in place to give effect to mandatory conditions concerning metering equipment, recording and water use details by 1 December 2024, or make plan amendments in cases where conditions specified in the Plan are not sufficiently specific to enable effective conditioning onto licences or approvals.

<sup>39</sup> Plan clause 59(8), ‘Subclause (4) ceases to have effect in relation to an approval subject to a mandatory metering equipment condition on the day the condition applies to the approval’, and 59(9), ‘Subclause (4) ceases to have effect on 1 December 2023’.

<sup>40</sup> Plan clause 59(4) requires, ‘Flow measurement devices must be installed and maintained on all works used for extraction of water under an access licence and must be of a type and maintained on all works used for extraction of water under an access licence and must be of a type and maintained in a manner, which is acceptable to the Minister’.

## 10 Criterion 9 – Amendments

***Have the relevant responsible parties implemented plan provisions relating to amendments (where these are not optional) and is there evidence that identified amendments (which may include optional amendments) have been given due consideration?***

### **Conclusion**

DCCEEW has a range of procedures and systems in place to govern the amendment process for the Plan. These include amendment registers, an internal process guide, and a published protocol.

While some internal processes to support the review of in-plan amendment provisions were not in place at the start of the Plan, DCCEEW updated its internal processes to record and review in-plan amendment provisions in 2023 and is now using these processes. The auditor did not identify any instances where amendments in Part 12 of the Plan should have been made but were not implemented during the audit period.

### 10.1 Introduction

Section 45(1) of the Act allows for water sharing plans to be amended under four circumstances:

- where a water sharing plan provides for a future amendment
- if it is in the public interest to make an amendment
- to give effect to a relevant court decision, or
- to give effect to requirements of the *Water Act 2007* (Cth).

Amendment provisions are included in Part 12 of the Plan. These provisions allow amendments to be made to various parts of the Plan for specified reasons. DCCEEW manages amendment provisions and updates water sharing plans as required under Section 42 of the Act.<sup>41</sup>

### 10.2 Compliance summary

The auditor examined three audit questions relevant to the Plan's amendment provisions. **Table 10** summarises the results of this analysis.

This audit focused on amendments under section 45(1)(b) of the Act, which relate to the circumstances and matters for amendment that are identified in the Plan. The audit has not explicitly tested other amendments described in the Act, although there may be common systems and processes that were tested.

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<sup>41</sup> DPE (2022) [Water sharing plan amendment protocol](#). The Minister for the Environment must concur with proposed amendments as required under Section 45(3) of the Act.

**Table 10 Compliance summary for amendment provisions**

Plan clauses	Criterion 9 audit questions	Compliance
Part 12	Were there procedures and systems in place to govern the amendment process for this water source?	✓
Part 12, Cl 60 to 65	Were any optional <sup>42</sup> amendments given effect?	✓

### 10.3 Findings

DCCEEW has a range of procedures and systems in place to govern the amendment process for the Plan. These include the Water Management Hub, an internal process guide, and a published protocol.<sup>43</sup> There are also official records of plan amendments (amendment orders) published on the NSW Legislation website.

While some internal processes to support the review of in-plan amendment provisions were not in place at the start of the Plan, DCCEEW updated its internal processes to record and review in-plan amendment provisions in 2023 and is now using these processes. The Plan has not been amended and the auditor did not identify any instances where amendments in Part 12 of the Plan should have been made but were not implemented during the audit period.

<sup>42</sup> The Plan contains provisions that state they may be amended for specified reasons (referred to in this report as 'optional' amendments). The Plan had no mandatory amendment provisions.

<sup>43</sup> DPE (2022) [Water sharing plan amendment protocol](#)