

27 August 2025

Professor Hugh Durrant-Whyte
Commissioner
Natural Resources Commission
Level 6, Martin Place
Sydney NSW 2000

Via email: hugh.durrant-whyte@nrc.nsw.gov.au

Audit of the implementation of the Border Rivers and Macquarie Valley floodplain management plans

Dear Professor Durrant-Whyte,

Thank you for your letter dated 26 June 2025 and the enclosed final report for assessing implementation of the seven inland groundwater water sharing plans (WSPs) as required by Section 44 of the *Water Management Act 2000* (Act). These plans cover the groundwater sources in the:

- Border Rivers Valley Floodplain Management Plan (FMP) 2020
- Macquarie Valley Floodplain Order 2021.

As requested, WaterNSW has reviewed the report and is pleased to see the positive findings in the audit, however we note that the audit concluded overall that some of the provisions of the Plan have not been given full effect in accordance with the Act.

WaterNSW commits to actioning the assigned recommendations, including working with NSW Department of Climate Change, Energy, Climate Change and Water (DCCEEW - Water Group) where possible. However, it should be noted that WaterNSW has considered the materiality and risk related to the intended upgrade to the Water Market System (WMS) as part of the 2025-2030 roadmap, alongside other fiscal considerations. In doing so, some initiatives previously expected to be delivered as part of the WMS upgrades have now been de-scoped, including changes to enable flood works to be categorised across multiple zones. This work will not progress in the near term, however, WaterNSW will continue to leverage a manual work around process to ensure zones can still be identified.

If your team have any queries, I suggest they contact our Regulatory Compliance Specialist, Rebecca Reid (rebecca.reid@waternsw.com.au).

Yours sincerely,

A handwritten signature in blue ink, appearing to be "AG", written over a circular blue stamp or seal.

Andrew George
Chief Executive Officer

Table 1 WaterNSW response to audit findings and recommendations

No.	Findings	Recommendations
2.1b	During the audit of the Namoi Valley FMP, completed in January 2023, the Commission recommended WaterNSW to update flood works assessment templates to clearly document all applicable management zones and demonstrate assessment of compliance for all management zones. The Commission reviewed systems and procedures used to administer and manage the flood work approval process by WaterNSW. The Commission found that: - WaterNSW has created a Statement of Work template – which lists all flood works subject to the application and their applicable management zone. In addition, WaterNSW attach a separate copy of the legislation to each application, with commentary added on compliance with all relevant zones as a guidance to assessing officers, and the WaterNSW website, giving guidance to our customers on flood study requirements for flood works in Zone C or CU. However, the statement of work template has not been integrated the in current assessment sheets, and the Manual of Work Instruction has not been updated to reflect these changes Water NSW advised that the WaterNSW Flood Work Manual and Work Instruction is currently being updated, and the above will be reflected in an updated version of this manual. - Assessment summary sheets for flood works approvals do not explicitly require officers to address every clause of the Plans during the assessment process. For example, there is no line in the assessment form to assist with	R 2.1b WaterNSW to update procedures and implement new templates to address gaps and document compliance with the Part 8 rules for flood works approvals to ensure that approvals are not granted for flood works that do not meet Plan requirements.

No.	Findings	Recommendations
	the assessment of specific requirements for supply channels outlined in Clause 36(4) of both plans.	
WaterNSW comment: As noted in the report, WaterNSW is in the process of updating the Flood Work Manual and work instruction to address gaps identified. Assessment summary sheets are also expected to be updated by the end of 2025.		
2.2	The Commission found that the assessment in general had been undertaken according to Plan requirements. However, it observed that where an individual flood works spanned more than one management zone, DCCEEW-Water and WaterNSW do not apply a consistent approach to the resulting flood works approval in the Water Licencing System (WLS) due to system limitations in applying more than one management zone. The Commission identified in these instances that WaterNSW issues a flood works approval without a management zone, and DCCEEW-Water issues a flood works approval in the management zone where most of the flood work is located. WaterNSW is currently implementing a large organisation-wide transition of many of its management systems, including WLS, to Water Market System (WMS). The Commission understands that opportunity exists to capture multiple management zones against an individual flood work approval in the WMS software.	R 2.2 WaterNSW to develop the WMS system to allow flood works spanning multiple management zones to be accurately recorded against those zones.
WaterNSW comment: Some initiatives previously expected to be delivered as part of the WMS upgrades have now been de-scoped due to increased funding pressures. This work will not be progressed in the near term. WaterNSW will continue to implement a manual work around process to ensure zones can still be identified.		
2.3	The Commission sampled the four most recent flood work approvals granted by WaterNSW during the audit period for each of the Border Rivers and Macquarie Plans (eight total) and found that the Plans have clauses requiring modelling of small and	R 2.3 WaterNSW assessment form should consistently outline the reason for any change in design flood required by the Plan.

No.	Findings	Recommendations
	large design floods to ensure that flood works “maintain adequate flood connectivity to the following under a range of flood scenarios, including at a minimum, scenarios for the large design floods and small design flood”. The Commission found that there were inconsistencies in the documentation of the modelling used in the assessment of some flood works approvals sampled for this audit. In some audit samples, WaterNSW only used the large design flood scenario where both large and small design flood scenarios were required. In another audit sample, a small design flood was modelled for a different year to that specified by the Plan. This presents the risks that some flood works may not be protected if adequate flood modelling is not carried out as part of the assessment process. WaterNSW advised that the variation in the modelling approach was the result of applying the precautionary approach. WaterNSW advised that in some instances, the precautionary approach was appropriate, particularly where the small design flood did not reach the proposed flood works area and was therefore unlikely to have any impact on the proposed work. The Commission observed that while the justification for variance in flood design was presented in the flood modelling report attached to flood works approval applications, this information was not consistently captured in the WaterNSW assessment forms.	
WaterNSW comment: WaterNSW will update relevant assessment summary sheets to address the recommendation. We expect to complete this by the end of 2025.		

No.	Findings	Recommendations
2.4	The Plans require that flood works in Management Zones A, B, C and D should maintain adequate flood connectivity to flood-dependent Aboriginal cultural values, and flood-dependent heritage sites and an assessment against flood-dependent Aboriginal cultural values and lists four databases for checks including: “(a) the Aboriginal Heritage Information Management System, (b) the Murray-Darling Basin Authority Aboriginal Submissions Database, (c) the NSW State Heritage Register, (d) the Commonwealth Heritage List, or (e) any other source that, in the Minister’s opinion, is relevant”. However, both agency’s assessment sheets only document the Aboriginal Heritage Information Management System (AHIMS) and the NSW State Heritage Register searches DCCEEW-Water also advised that following work undertaken during Plan development, an internal DCCEEW-Water database was developed which incorporated all Aboriginal cultural values as identified in the Plans Dictionary. This internal database has not been updated since its development due to a lack of resources and a shift towards utilisation of publicly available information for the identification of Aboriginal cultural values. Due to requirements to protect the privacy of cultural intellectual property, DCCEEW-Water has been unable to share the internal database with WaterNSW to date. This has impacted and will continue to impact the ability of WaterNSW to complete the assessment of proposed flood works against the required datasets outlined in the Plan.	R 2.4a DCCEEW-Water to review and make a determination against the Aboriginal Heritage Information Management System, the Murray-Darling Basin Authority Aboriginal Submissions Database, the NSW State Heritage Register, and the Commonwealth Heritage List at a minimum for Aboriginal cultural values when assessing an application for flood work approvals, as required by the Plans. R 2.4b WaterNSW to review and make a determination against the Aboriginal Heritage Information Management System, the Murray-Darling Basin Authority Aboriginal Submissions Database, the NSW State Heritage Register, and the Commonwealth Heritage List at a minimum for Aboriginal cultural values when assessing an application for flood work approvals, as required by the Plans.
WaterNSW comment: WaterNSW assesses in accordance with the Aboriginal Heritage Information Management System, the NSW State Heritage Register and the Commonwealth Heritage List, however we are unable to assess against the Murray-Darling Basin Authority Aboriginal Submissions Register as this is not shared with our organisation. Therefore, we are unable to fully implement the recommendation.		