



Mr Bryce Wilde
Executive Director
Natural Resources Commission
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Dear Mr Wilde

Thank you for your letter of 8 June 2021 to Dr Jim Bentley, CEO NSW Water Sector, regarding the Natural Resources Commission's (NRC) audit of the implementation of the Hunter Regulated River Water Source Plan 2016. Dr Bentley has asked me to respond on his behalf.

I note the report included positive findings in relation to processing of water access licences and dealings, translation of mandatory conditions, tools in place to manage water access licence accounts and application of available water determinations. It is also noted that there are several areas where further work is required.

The Department of Planning, Industry and Environment has considered each of these recommendations and suggested actions in the attached tables. The department is progressing a number of areas of work which I believe will contribute to addressing matters identified within the audit. These are:

1. commissioning work to develop monitoring and evaluation frameworks for water sharing plans which will inform plan assessment and monitoring (Recommendation R1)
2. progressing work on an implementation program for key water sharing plans themes. Each theme will document the roles, responsibilities, systems, processes and procedures relevant for implementation and provide information for reporting/auditing purposes. (Suggested Actions 1 and 3).

Additionally, the department is working on the development of Resource Assessment Manuals, protocols and processes in relation to various announcements and associated implementation.

The outcomes of this work, along with the Commission's audit, will inform the next steps in relation to these management plans. If you require additional information or wish to discuss this matter further, please contact Anna Bailey, Director Coastal and Groundwater Planning at anna.bailey@dpie.nsw.gov.au.

Yours sincerely

A handwritten signature in black ink that reads 'Amanda Jones'.

Amanda Jones
Chief Strategy Officer
Water Group

5 August 2021

Attach.

Attachment A – Tables

Table 1: Audit findings and recommendations relevant to DPIE Water (Hunter Regulated River WSP)

Findings	Recommendations	DPIE Water comment
<p>F 1 Provisions related to vision, objectives, strategies, and performance indicators under Part 2 of the Plan were not implemented in the audit period.</p>	<p>R 1 DPIE-Water to lead the monitoring and evaluation of 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>	<p>Agree - NSW is developing a robust and defensible evaluation framework to inform WSP performance assessment and monitoring plans that include what monitoring is required, where, when, how often and who is responsible for doing and reporting it. The development of the framework will be delivered by December 2021.</p>
<p>F 2.2 There is not sufficient evidence to demonstrate that the maintenance of water supply for basic landholder rights users as well as 100 percent of share components to holders of domestic and stock, local water utilities and major water utilities set out in Clause 30 can be met through a period of the worst period of low inflows to this water source.</p>	<p>R 2.2.1 DPIE – Water to establish and implement a process to demonstrate that the maintenance of water supply for basic landholder rights users as well as 100 percent of share components to holders of domestic and stock, local water utilities and major water utilities set out in Clause 30 could be met under the current water allocation process. This should include:</p> <ul style="list-style-type: none"> - consideration of long-term average annual extraction limit (LTAAEL) compliance (see R 3). - checking the figures and assumptions including loss figures in the current resource allocations process against those in the model prior to the next Available Water Determination (AWD) announcement. - rechecking the figures against those in the model any time changes are subsequently made to the water allocation process to ensure Clause 30 can be met prior to any Available Water Determination (AWD) announcement following these changes. 	<p>Agree. The current resource allocation process as used by the DPIE Water Allocations Team will be incorporated in our long-term river system model to demonstrate the extent to which required outcomes as set out in Clause 30 are met during the period of low inflows. This work is anticipated to be carried out by April 2022. The adequacy of the reserve will be proven by one representative long-term simulation without needing to simulate every time an AWD computation is due.</p>
	<p>R 2.2.2 DPIE-Water to finalise the draft Water Allocation Summary Manual for the Plan, including documenting how the figures and assumptions used align with the</p>	<p>Agree. DPIE Water is preparing resource assessment manuals with</p>

	model and Clause 30. This should be reviewed by an external hydrologist and made available to stakeholders.	sufficient detail aiding the hydrologists. This work is anticipated to be carried out by December 2021.
F3 Provisions related to limits to availability of water, specifically long-term average annual extraction limits (LTAAEL) set out in Clause 42 of the Plan were not implemented.	R 3 DPIE-Water to utilise extraction data for long-term average annual extraction limit (LTAAEL) assessment and compliance in accordance with Clause 42 of the Plan and incorporate this into the resource assessment process for Available Water Determinations (links to R 2.2.1, R 2.2.2).	Agree. Annual extraction data of itself has a limited role in assessing long term averages. We will use it as a line of evidence, including to calibrate and update models as required. DPIE Water is developing an implementation plan to assess LTAAEL compliance which will comprise a model to model comparison of contemporary development level and management behaviour compared to those reference conditions from the Water Sharing Plan. Work on the implementation plan is anticipated to be completed by mid -2022.
F6.1 The high flow tally under Clause 55 is not being kept and used to manage access to uncontrolled and supplementary flows under clauses 56(6) and 57(9)	R 6.1.2 DPIE-Water to ensure the high flow tally is being kept in accordance with Clause 55 and to ensure compliance with Clause 57(9) and 56(6).	Agree. DPIE Water will be explicit to include the high flow tally in the next (and following) Annual Compliance Report by WaterNSW. DPIE Water will liaise with NRAR to include the high flow tally in this reporting.
F6.3 Uncontrolled and supplementary flow announcements do not comply with Clause 56(3) of the Plan as they do not indicate the percentage share component allowed to be taken.	Following implementation of Recommendation R 7.2.3 to notify WaterNSW of mandatory conditions: R 6.3.1 DPIE-Water to update the format of the announcements to include the percentage share component allowed to be taken under Clause 56(3).	Agree. DPIE Water is developing a protocol on required information accompanying notification of uncontrolled flow and supplementary events by WaterNSW. This will include the Hunter River system. This work is anticipated to be carried out by December 2021.
F6.4 Uncontrolled flow announcements were made in	R6.4. DPIE Water to ensure processes to determined uncontrolled announcements are in accordance with clauses 56(4) and (5).	DPIE understands that there was sufficient water for both uncontrolled

<p>April and June 2020, contrary to Clause 56(4) and 56(5) of the Plan.</p>		<p>flow access and environmental delivery. DPIE Water will revisit processes for announcements to ensure that statutory obligations are met. This work is anticipated to be carried out by December 2021.</p>
<p>F6.5 Clause 56(1) and Clause 57(1) were partially given effect as WaterNSW, not the Minister, made the announcements permitting the taking of uncontrolled flows by General Security, High Security or supplementary WAL holders.</p>	<p>R6.5. DPIE Water to formally clarify and implement roles and responsibilities in relation to the process of approving and making announcements of uncontrolled (and supplementary access) flows to give full effect to 56(1) and 57(1).</p>	<p>Agree. DPIE Water will revisit processes for announcements to ensure that statutory obligations are met. This will need to consider operational requirements in line with the nature of this coastal system. This work is anticipated to be carried out by December 2021.</p>
<p>F7.2 WaterNSW has not been notified of new mandatory conditions under Clause 67(5), Part 6 and Part 9 of the Plan (relating to the operation of Glenbawn and Glennies Creek dams under the Statement of Approval (20WA20430)) as required by Sections 102(4), 102(5) and 100(1A) of the Act.</p>	<p>R 7.2.2 DPIE-Water to place conditions on the WaterNSW Statement of Approval (20WA20430) in accordance with relevant Plan provisions as required by Clause 67(5) of the Plan, and sections 102(4), 102(5) and 100(1A) of the Act.</p>	<p>Agree. DPIE Water will place conditions on WaterNSW Statement of Approval in line with relevant plan provisions. This work is in progress and anticipated to be completed by the end of August 2021.</p>

Table 2: Observations and suggested actions relevant to DPIE Water (Hunter Regulated River WSP)

Observations	Actions	DPIE Water comment
<p>O 1 There is no transparent reporting of plan performance in relation to progress towards achieving stated objectives.</p>	<p>SA 1 DPIE-Water to publicly report on progress towards objectives of the Plan.</p>	<p>Agree. NSW is developing an implementation and reporting program for key WSP themes. This includes developing annual reporting products to track progress of WSP Monitoring and Evaluation by June 2022. NSW is also developing a robust and defensible evaluation framework to inform WSP performance assessment and monitoring plans. The two projects combined will allow us to maximise the results from monitoring activities, and transparently share the results with stakeholders.</p>
<p>O 2.2 The order of priority of take when supply capability is insufficient as required under Clause 32 is not documented.</p>	<p>SA 2.2 DPIE-Water to formally document guidance for operators to prioritise the provision of remaining supply capability under Clause 32. This should be provided to WaterNSW for implementation should Clause 32 being triggered.</p>	<p>DPIE Water considers that the priorities are already explicitly stated in Clause 32 and consistent across the state with little room for discretion. Observance of delivery priority as per WSP is implicit in Schedule 1, Clause 1 of the Approval (20WA204300). DPIE Water has not received any information of non-compliance evident during the dry spell of 2018, 2019.</p>
<p>O2.3 Rates of release are not formally documented to guide implementation of Clause 34</p>	<p>SA2.3.2 DPIE-Water to establish rules in relation to the rates of change in consultation with WaterNSW</p>	<p>Agree. DPIE Water is aware of work to progress conditions on WaterNSWs' approval to reflect requirements in relation to rates of change to storage releases. DPIE Water supports work to allow for implementation of these conditions and this work can be progressed in a relatively short time frame eg 2 weeks once the rates of change have been determined.</p>
<p>O 2.4 There is no guidance in place to manage water orders when remaining allocations are low in accordance with Clause 35.</p>	<p>SA 2.4.2 DPIE-Water to set requirements for the drought contingency plan and approve the drought contingency plan once developed.</p>	<p>Agree. This is covered by Schedule 1, Clause 24 of the Approval (20WA204300). In addition, DPIE Water is preparing more guidance on situations when water orders can be delivered in block releases. This will be included in the Drought Contingency Plan prepared jointly by WNSW and DPIEW. This work is anticipated to be carried out by Dec 2022.</p> <p>During the drought WaterNSW prepared Annual Operations</p>

		<p>Plans for a number of valleys which were published. The last one for the Hunter is July 2019.</p> <p>However, on a regular basis, WaterNSW provides the Allocations Team each month with resource assessment advice and monthly storage forecasts – this information is used by the Water Allocations Team in determining any water allocation increases.</p>
<p>O 3 Roles, systems and processes, including quality assurance for long-term average annual extraction limit assessment and compliance work are not documented.</p>	<p>SA 3 DPIE-Water to document the roles, responsibilities, systems, processes and procedures relevant to Long-Term Average Annual Extraction Limit (LTAAEL) assessment management and compliance for the Plan</p>	<p>Agree. NSW is developing an implementation and reporting programs for key WSP themes. Each theme will document the roles, responsibilities, systems, processes and procedures relevant for implementation. Priority implementation themes including managing to extraction limits (LTAAEL assessment and compliance) will be completed by December 2021.</p>
<p>O 6.1 Roles and responsibilities in relation to keeping a high flow tally under Clause 55 are not clear.</p>	<p>SA 6.1 DPIE-Water to work with WaterNSW to document the process for keeping and checking the high flow tally under Clause 55.</p>	<p>Agree. DPIE Water supports the need to document this process in consultation with the operational agency. This work is anticipated to be carried out by December 2021.</p>