

17 August 2021

Bryce Wilde
 Executive Director
 Natural Resources Commission
 Level 6, Martin Place
 Sydney NSW 2000

Dear Bryce,

Audit of the implementation of the Hunter Regulated River Water Source Plan 2016

Thank you for your letter dated 8 June 2021 and the final audit report for the implementation of the Hunter Regulated River Water Source Plan 2016 (WSPs) as required by Section 44 of the *Water Management Act 2000 (Act)*.

As requested, we have reviewed the report and provide the responses set out below:

WaterNSW notes that the audit concluded overall that not all the provisions of the WSPs have been given full effect in accordance with the Act. We also note that there are recommendations that are addressed to WaterNSW, NRAR and DPIE-Water as the coordinating agencies. WaterNSW remains committed to working with DPIE-Water and NRAR in the implementation of the relevant recommendations.

Table 1 WaterNSW Response to Audit findings and Recommendations

Findings	Recommendations
<p>F 2.1 The environmental requirements set out in clause 28(6) were not met on numerous occasions in 2017, 2018 and 2019.</p>	<p>R 2.1 WaterNSW to operate the river to meet Clause 28 environmental targets and accurately document compliance against these targets.</p> <p><i>(R 2.1 implementation will follow post completion of R 7.2.3 by NRAR, i.e. NRAR to notify WaterNSW of its updated Statement of Approval conditions.)</i></p>
<p>WaterNSW Comment: As part of continuous improvement and to improve transparency, WaterNSW do identify and report the number of times environmental targets are not met and will identify the reason for the shortfall or for not making up the shortfall next month.</p> <p>A new functionality will be added to our operations model (CARM), to register any shortfall and add the make-up requirement to increase releases.</p>	

Findings	Recommendations
<p>F 6.1 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).</p>	<p>R 6.1.1 WaterNSW to keep a high flow tally in accordance with Clause 55 to manage access to uncontrolled and supplementary flows under clauses 56(6) and 57(9).</p> <p><i>(R 6.1.1 implementation will follow post completion of R 7.2.3 by NRAR, i.e. NRAR to notify WaterNSW of its updated Statement of Approval conditions.)</i></p>
<p>WaterNSW Comment: WaterNSW has proactively provided an updated high flow tally document to DPIE for approval and will make the high flow tally visible in Water Insights.</p>	
<p>F 6.3 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.</p>	<p>R 6.3.2 WaterNSW to implement the new format when making announcements to include the percentage share component allowed to be taken under Clause 56(3).</p>
<p>WaterNSW Comment: WaterNSW will ensure announcements are updated to include flows permitted to be taken expressed as a percentage of each access licence share component.</p>	
<p>F 6.6 Clause 57(2)(b), 57(4)(b) and 57(6)(b) were not given effect as there was no active management, monitoring or reporting for determining the continuation of supplementary announcements.</p>	<p>Following implementation of Recommendation R 7.2.3 to notify WaterNSW of mandatory conditions: R 6.6 WaterNSW to manage periods of supplementary take to fully comply with clauses 57(2)(b), 57(4)(b) and 57(6)(b).</p>
<p>WaterNSW Comment: WaterNSW will update Standard Operating Procedure for the supplementary announcement process to ensure full compliance with this clause in preparation of being notified on the mandatory condition.</p>	

Table 2: WaterNSW Response to Audit observations and Suggested Actions

Observations	Suggested actions
<p>O 2.1 WaterNSW annual compliance reports for the WaterNSW Statement of Approval (20WA204300) do not reflect all requirements under Part 6 or Part 9 in the Plan.</p>	<p>SA 2.1.1 WaterNSW to align implementation and annual compliance reporting protocols to give effect to all relevant Plan provisions for WaterNSW Statement of Approval (20WA204300).</p>
<p>WaterNSW Comment: WaterNSW will review and update ACR template to include all relevant provisions of the work approval.</p>	
<p>O 2.3 Rates of release are not formally documented to guide implementation of Clause 34.</p>	<p>SA 2.3.1 WaterNSW to formally document what rate of change of release operators should adhere to in response to an order. This documentation should cover how fast the release should be, taking into considerations such as dam levels, other orders and the weather and it should be externally peer reviewed.</p>

Observations	Suggested actions
<p>WaterNSW Comment: WaterNSW will develop protocol for rate of rise and fall based on historical practice for the approval of DPIE.</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 2.4.1 WaterNSW to prepare a drought management plan documenting the required drought measures and operational procedures (including management of orders) under increasing drought conditions. This should consider the regional drought contingency plan and be developed in consultation with DPIE- EES and licence holders.</p>
<p>WaterNSW Comment: WaterNSW is developing a Drought Incident Management Protocol with DPIE and other agencies which will provide a framework for developing drought plans in each valley. A Hunter Water Drought Management Plan will be developed based on the agreed approach with DPIE.</p>	
<p>O 2.5 Water Delivery Flood Operations Procedures Glenbawn Dam and Water Delivery Flood Operations Procedures Glennies Ck Dam are in draft, which may compromise implementation of clauses 36 and 37 in times of a flood.</p>	<p>SA 2.5 WaterNSW to update and sign off the Water Delivery Flood Operations Procedures Glenbawn Dam and Water Delivery Flood Operations Procedures Glennies Ck Dam and ensure they are part of formal document management process. Plan updates as part of this process should ensure that the procedures align with clauses 36 and 37 in the Plan and the Statement of Approval (20WA204300).</p>
<p>WaterNSW Comment: Flood Operations procedures for Glenbawn and Glennies Ck dams are in draft and under review. The Flood Operational procedures and manuals have been updated and undergone internal technical and legal review and are currently undergoing independent technical review.</p>	
<p>O 6.2 High flow tally is not transparent to users.</p>	<p>SA 6.2 WaterNSW to make the high flow tally under Clause 55 transparent to users so water users can manage compliance with Clause 56 and 57 of the Plan.</p> <p><i>(R 6.2 implementation will follow post completion of R 7.2.3 by NRAR, i.e. NRAR to notify WaterNSW of its updated Statement of Approval conditions.)</i></p>
<p>WaterNSW Comment: WaterNSW will consider publishing high flow tally on Water Insights Portal.</p>	
<p>O 8 The NSW Water Register contains dealing related information which is incomplete and uses old terminology.</p>	<p>SA 8 WaterNSW to increase the accuracy and extent of the dealings information available on the NSW Water Register for improved transparency.</p>
<p>WaterNSW Comment: WaterNSW remains committed to improving transparency and will consider the recommendation as part of its investment into enhanced capabilities as part of its digital transformation program "WAVE" which includes a new water accounting module and customer portal and data management capabilities.</p>	

If you have any questions or comments on the above, please contact Adrian Langdon, Executive Manager System Operations (adrian.langdon@waternsw.com.au; +61 437 392 613).

Yours sincerely,

A handwritten signature in blue ink, consisting of several overlapping loops and a long horizontal stroke extending to the left.

Andrew George
Acting Chief Executive Officer