

3 September 2024

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

Audit of the implementation the Paterson Regulated River Water Sharing Plan

Dear Professor Durrant-Whyte,

Thank you for your letter dated 24 June 2024 and the enclosed final report for assessing implementation of the Paterson Regulated River Water Sharing Plan (WSP) 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 on balance the provisions of the Plan have not been given full effect in accordance with the Act. WaterNSW commits to resolving the recommendations assigned to us and working with the Department of Climate Change, Energy, the Environment and Water's (DCCEE) Water Group in the implementation of the recommendations where we are jointly identified.

If your team have any queries, I recommend they contact our Regulatory Compliance Specialist Rebecca Reid (E: rebecca.reid@waternsw.com.au M: 0476 644 008).

Yours sincerely,

A handwritten signature in blue ink, appearing to read "Andrew George".

Andrew George
Chief Executive Officer

Table 1 WaterNSW response to audit findings and recommendations

Findings		Recommendations
2.1	The target environmental flow thresholds used and monitored by WaterNSW (as per the Annual Compliance Reports (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>2.1a 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>2.1b 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>WaterNSW comment</p> <p>2.1b WaterNSW is obligated to operate to our works approval, not the WSP to the extent they are different. Therefore, we will update our systems and procedures upon receipt of a revised works approval from DCCEEW to ensure operations are in accordance with the updated works approval.</p>		
2.2	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>2.2 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>
<p>WaterNSW comment</p> <p>WaterNSW has updated our system to ensure tributary inflows are not used to redress environmental flow shortages.</p>		

Findings		Recommendations
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.	<p>2.3.a DCCEEW to establish the Environmental Water Allowance account for the Paterson Regulated River.</p> <p>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.</p>
WaterNSW comment		
WaterNSW agrees that processes have been developed to manage water credited to and from an EWA account in general and these will be implemented for the Paterson Regulated River EWA after the account is established by DCCEEW.		
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.	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.
WaterNSW comment		
The difference in minimum flow targets between the water sharing plan and the works approval has caused the discrepancy between WaterNSW's Annual Compliance Report and the CARM system. This will be rectified once WaterNSW's works approval is updated by DCCEEW as also noted in 2.1a.		
6.1	<p>The supplementary event provisions in Clause 39 were not given effect based on the following:</p> <ul style="list-style-type: none"> WaterNSW monitors the flows in the water source at the Paterson River downstream of Lstock Dam gauge (210021). However, the flows (ML/day) monitored downstream of Lstock 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 	<p>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.</p> <p>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</p>

Findings	Recommendations
<p>of Lostock Dam gauge has exceeded 40 ML/day for at least 12 hours or have decreased below 40 ML/day, respectively.</p> <ul style="list-style-type: none"> • 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. 	
<p>WaterNSW comment</p> <p>6.1a WaterNSW will amend processes 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.</p> <p>6.1b WaterNSW will ensure processes are in place to announce the start date when a supplementary event is started. The end date is not included as part of the initial announcement if the event is estimated to be longer than three days. This is due to the inherent uncertainty associated with doing so. WNSW continuously monitors the flows throughout the event, and at the end of the supplementary event, water users are notified of the cessation of supplementary access.</p>	