

Overview of draft reporting manual and proposed new licence conditions

Water NSW operating licence review

12 February 2024



We seek stakeholder feedback on the:

1. Draft Water NSW reporting manual 2024-2029
2. Proposed new licence conditions for the draft WaterNSW operating licence published on 14 December 2023.

1 We have reviewed the reporting manual

We have reviewed the Water NSW reporting manual and have published a draft reporting manual on our [website](#) for your feedback. The reporting manual supports the operating licence and is designed to be read with the licence. It is an IPART document and does not require Ministerial approval as part of our recommendations for the new operating licence.

1.1 Key changes to the reporting manual

We seek to streamline reporting manual obligations with the licence and remove duplication across the instruments. We broadly categorise the changes to the reporting manual as follows.

1. restructure the reporting manual to reflect the structure of the draft licence, remove duplication and adopt plain English wherever possible to ensure reporting obligations are clear and easy to understand
2. retain existing reporting requirements
3. add or clarify reporting requirements where relevant for new licence obligations
4. remove duplicative or redundant reporting manual obligations.

1.2 We propose new licence conditions as a result of our review

In reviewing the reporting manual, we identified 5 reporting obligations that we propose to elevate to the licence. We note that these obligations are currently included in the existing reporting manual – therefore, we do not anticipate significant burden on Water NSW from our proposal. We consider these reporting manual obligations are better suited to the Licence. Section 2 of this information paper sets out the proposed new licence conditions and should be read as part of the draft licence published on 14 December 2023.^a We note that the proposed obligations seek to clarify WaterNSW's reporting requirements under the licence.

1.3 Purpose of the reporting manual

The reporting manual sets out WaterNSW's reporting obligations under the licence to enable us to monitor compliance with the licence. We will provide a copy of the reporting manual to the Minister when we make our recommendations on the operating licence.

WaterNSW will publish the reporting manual on its website once the new licence comes into effect. The reporting manual is intended to support the licence and IPART's function of auditing WaterNSW's compliance with the licence. It includes details and deadlines for WaterNSW's reporting requirements.

2 Summary of proposed new licence conditions

1. Include an obligation requiring WaterNSW to submit to IPART, and make publicly available, an annual report on its compliance against its management systems under part 3 of the draft licence.
2. Include an obligation requiring WaterNSW to submit to IPART, and make publicly available, an annual report outlining:
 - its compliance against the customer support and compliant management clauses under part 7 of the draft licence
 - systemic issues identified from engagement or complaints
 - significant changes to its customer service charter, consultation policy, code of practice on payment difficulties and family violence policy
 - aggregate customer information and trends.
3. Include an obligation requiring WaterNSW to submit an annual statement of compliance to IPART.
4. Include an obligation requiring WaterNSW to submit an annual report to IPART on its progress in addressing operational audit recommendations.

^a IPART, *Water NSW Draft Operating Licence 2024-2029*, December 2023.

5. Include an obligation requiring WaterNSW to make the memoranda of understanding with NSW Health and the Environment Protection Agency (EPA) publicly available.

2.1 Reporting on compliance with management systems

2.1.1 Reporting to IPART

We propose to add a licence condition which requires WaterNSW to submit an annual report outlining its compliance with its water quality management system, asset management system, environmental management system and quality management system. Under the current reporting manual, WaterNSW must already report on these management systems apart from its quality management system (QMS) as the current licence does not require WaterNSW to maintain a QMS.

Without an obligation to report, there is a risk WaterNSW will not maintain its management systems or operate in accordance with them. There is also the potential that WaterNSW may not appropriately prioritise addressing issues identified with its management systems.

Compliance reports provide us with an annual update on how WaterNSW is tracking against its defined objectives under its management systems, changes to WaterNSW's systems and non-conformities with the management system and the actions taken to resolve them. Without these self-reports, we would only rely on our audit process to check WaterNSW's compliance with its management systems. We consider that annual compliance reports will inform how we scope annual audits (e.g. reduced frequency audits and testing implementation only vs system adequacy). We anticipate we may be able to reduce the frequency of auditing management systems that WaterNSW consistently complies with.

Under its current reporting manual, WaterNSW is already required to provide annual compliance and performance reports on its water quality management system, asset management system and environmental management system. The QMS compliance report aligns with our proposed recommendation for WaterNSW to have a QMS under a future licence.

2.1.2 Public reporting

We propose to include an obligation requiring WaterNSW to publish the annual compliance reports discussed above. Public reporting promotes stakeholder transparency about WaterNSW's performance against its systems and supports improvement activities. Further, requiring WaterNSW to publicly report compliance against its management systems is likely to help WaterNSW demonstrate accountability to their licence obligations.

Box 1 Proposed licence condition on management systems annual compliance report

Water NSW must, by 1 September each year:

- a. submit an annual report to IPART on its compliance with clauses 8 to 11 in the preceding financial year that includes the information set out in the reporting manual, and
- b. make that report publicly available online at the same time it submits it to IPART.

2.2 Reporting on customer support and complaint management

We propose to add a licence condition which requires WaterNSW to submit an annual report outlining its compliance against part 7 (customer support and complaint management) of its licence. We also propose to require WaterNSW to identify issues identified as part of its engagement with customers and the community or via customer complaints; identify significant changes to various policies, codes and charters under part 7 (customer support and complaint management) of the licence; and report on aggregate customer trends.

We note that the requirement for WaterNSW to report on customer support and complaints management already exists under the current reporting manual for all obligations under part 7 of the licence except for the family violence policy which is a new proposed requirement. Given WaterNSW is already required to provide a similar report to us annually, we consider that the regulatory burden on WaterNSW will be minimal.

2.2.1 Public reporting

We propose to include an obligation requiring WaterNSW to publish the annual report for customer support and complaint management. Public reporting improves transparency and helps stakeholders better understand the outcome of WaterNSW's consultation with customers and the community.

Box 2 Proposed licence condition on customer relations annual compliance report

Water NSW must, by 1 October each year:

- a. submit an annual report to IPART that includes the information set out in the reporting manual and covers for the preceding financial year:
 - i its compliance with clauses 24 to 30,

Box 2 Proposed licence condition on customer relations annual compliance report

- ii any systemic issues identified from customer and community engagement or complaints,
 - iii any significant changes to its customer service charter, consultation policy, code of practice on payment difficulties, and family violence policy, and
 - iv aggregate customer information and trends,
- b. make that report publicly available online at the same time it submits it to IPART.

2.3 Annual statement of compliance

Under the current reporting manual, WaterNSW must submit an annual statement of compliance to IPART.^b The statement of compliance is an opportunity for WaterNSW to self-identify and provide details of any obligations with which it did not comply with during the financial year. We propose to elevate this requirement to the licence. Given WaterNSW already provides this statement to us annually, we consider that the regulatory burden on WaterNSW is negligible.

Box 3 Proposed licence condition on annual compliance statement

Water NSW must, by 1 September each year, submit to IPART an annual statement of compliance that:

- a. identifies every instance of non-compliance with this Licence or the reporting manual in the preceding financial year,
- b. is in the form and includes any information required by the reporting manual.

^b The statement of compliance is endorsed by the chief executive officer and the chairman of the board of directors of WaterNSW.

2.4 Reporting on progress against audit recommendations

Under the current reporting manual, WaterNSW must submit an annual report to IPART identifying the status of any audit recommendations identified at the most recent operational audit and any outstanding recommendations that have not been completed, as outlined in our report to the Minister.¹ We propose to elevate this requirement to the licence. Given WaterNSW is already required to provide this report to us annually, we consider the regulatory burden on WaterNSW is negligible.

Box 4 Proposed licence condition on audit recommendations annual status report

Water NSW must, by 30 April each year, submit an annual status report to IPART on its progress against any audit recommendations:

- a. made for the most recent operational audit and set out in IPART's section 58 report to the Minister, and
- b. made in a previous operational audit where the recommendations in IPART's report were not fully implemented at the time of the last status report.

2.5 Memoranda of understanding and cooperation protocols with government agencies

The current licence requires that WaterNSW make its memoranda of understanding with NSW Health and the EPA publicly available on its website.² This approach aligns with the Australian Law Reform Commission's (ALRC) recommendations to make memoranda of understanding publicly available.³ Therefore, we propose to keep this requirement in WaterNSW's licence. Given WaterNSW is already required to make these memoranda of understanding publicly available, we consider that the regulatory burden on WaterNSW is negligible.

We also propose to require WaterNSW to make the cooperation protocols with the Natural Resources Access Regulator (NRAR) and NSW Fisheries available on its website. We anticipate that these protocols will establish a formalised process for how the agencies share information. We consider there is benefit in making the protocols publicly available to ensure transparency and accountability of the agencies' information sharing agreements, in line with the ALRC's recommendations.

Box 5 Proposed licence condition on memoranda of understanding and cooperations protocols with Government agencies

Water NSW must make the memorandum of understanding with NSW Health publicly available.

Water NSW must make the memorandum of understanding with the EPA publicly available.

Water NSW must make the cooperation protocol with the NRAR publicly available.

Water NSW must make the cooperation protocol with the NSW Fisheries publicly available.

Have your say

Your input is valuable to our review process.

[Make a submission »](#)

You can be involved by making a submission in response to this information paper or attending a public hearing.

¹ Section 7.1.3 of the *Water NSW Reporting Manual 2022-2024*, October 2022.

² Clauses 6.13.4 and 6.14.3 of the *Water NSW operating licence 2022-2024*, May 2022.

³ Australian Law Reform Commission, *Memorandums of understanding*, 28 July 2010.