

State Water Corporation Operational Audit 2005/06

Report to the Minister

Water - Compliance Report
May 2007

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**The Tribunal members for this review are: Dr Michael Keating AC, Chairman,
Mr James Cox, Full Time Member and Ms Sibylle Krieger, Part Time Member**

Independent Pricing and Regulatory Tribunal of New South Wales

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1 INTRODUCTION

State Water Corporation is a State Owned Corporation which delivers bulk water to rural and regional NSW. State Water was established as a stand-alone Corporation on 1 July 2004 and was issued with an interim Operating Licence. On 24 June 2005, State Water was issued with a Licence which is scheduled to expire on 30 June 2008, three years from the commencement date.

The interim Licence was not subject to audit, however, the current Operating Licence includes a requirement to conduct an audit of State Water's performance against its Licence obligations for the period 2005/06. This audit is, therefore, the first audit of State Water's performance against the obligations imposed on it through the Licence.

This report explains the auditor's findings in relation to State Water's performance against its Licence obligations for the 2005/06 period and the Tribunal's recommendations in response to the auditor's findings.

1.1 The process and scope

In undertaking and preparing the audit findings and recommendations the Tribunal has adopted a rigorous process extending over a six month period. This includes the engagement of an independent auditor (Halcrow Pacific Pty Ltd) to review the Licence and State Water's performance against it. As part of this process, the auditor has also consulted with State Water's key stakeholders, including other Government agencies as well as representatives from the irrigation community.

The auditor has met with State Water on numerous occasions and provided a first and second Draft Report for comment. The auditor has considered State Water's comments in finalising its report.

The conduct and matters to be considered under the audits are specified in section 12 of the Licence. This includes a requirement for a public consultation process which includes the invitation to receive submissions from members of the public. The scope of the audit is defined in clause 12.2 of State Water's Operating Licence. Specifically section 12.2 states that:

IPART or the person undertaking the Audit must investigate and prepare a report on any or all of the following:

- Compliance by State Water with its obligations in each of clauses 2, 3, 4, 5, 6, 7, 8, 9 and 10 (and any Schedules referred to in those clauses) of this Licence; and
- Any other matter required by this Licence, the Act or administrative direction to be assessed and considered as part of the Audit.

The Tribunal has requested that clause 6 (relating to *Asset Management*) should not be audited for the 2005/06 audit but instead would be subject to a detailed separate audit during 2007.

1.2 Key Findings

The auditor's key finding was that,

Overall, State Water achieved a reasonable level of compliance with the Operating Licence. There are a number of non-compliance issues identified during the review and there were some circumstances of requirements in the Licence where the scheduled date for completion of the requirement was outside the current audit period of 2005/06.

The Tribunal recognises that there are a number of areas where State Water has not fully complied with the obligations imposed on it for the 2005/06 period. The Tribunal notes that State Water has been recently corporatised and this is the first audit of the organisation. This explains some of the difficulties that State Water has experienced in meeting its Licence obligations for 2005/06.

The Tribunal, however, is concerned at a number of aspects of State Water's performance. In particular, it is a concern that the Memorandum of Understanding with the Department of Natural Resources does not include all the functions where there is a need for a cooperative relationship. There continues to be some disagreement between State Water and the Department on which organisation will be responsible for certain functions. The Tribunal notes that the relationship with the new Department of Water and Energy is the key relationship for State Water and this issue has been the subject of debate between the two organisations for some time. Given the importance of this relationship the Tribunal believes that it is crucial that the MOU between the two parties is finalised swiftly.

Another issue of concern is State Water's lack of progress in completing the annual water balances in the form specified in the Licence. The purpose of presenting a water balance for each system is to ensure transparency in the availability and distribution of water resources. Explicitly accounting for the source and distribution of water in a water balance will provide greater certainty to consumers about the availability and management of those resources.

Another issue of concern also appears to be the quality of financial information provided to State Water's Customer Service Committees. This issue was also raised by stakeholders in their submissions to the Tribunal's recent bulk water price determination. The Tribunal, however, recognises that State Water has recently introduced a new financial information system which is expected to provide greater flexibility in being able to respond to the requests for financial information.

The Tribunal will seek to monitor all these issues closely over the next year and it would expect to see significant improvements for the next audit period.

1.3 Recommendations

The auditor has made a number of recommendations in its review of State Water's performance. The Tribunal considers that these recommendations should provide further guidance for State Water to focus its efforts on aspects of its performance that need some improvement. The main recommendations submitted by the auditors are included in the table below.

Main recommendations of the auditor

<p>Memoranda of Understanding</p> <ul style="list-style-type: none"> • State Water to consider revising the MoU with DNR in order to address the arrangements for the making and announcements of available water determinations and controlled flows and to address more broadly the specific roles of each agency. • State Water to provide additional detail on performance against and compliance with the MoU with DNR including all the various activities that State Water and DNR collaborate on.
<p>Customers and community engagement</p> <ul style="list-style-type: none"> • State Water should ensure that their financial systems are able to provide information as requested by the CSCs.
<p>Water delivery operations</p> <ul style="list-style-type: none"> • State Water needs to improve performance in coordinating accurate water releases to improve compliance for management of water releases while taking into account physical supply constraints. • State Water to complete all remaining water balances as soon as possible and continue to investigate improvements for the timely delivery of the information by 1 September.

While the Tribunal has noted that there are a range of areas of State Water’s performance that require improvement, it does not recommend imposing any additional requirements on State Water. The Tribunal instead will continue to monitor State Water’s performance in these areas over the current financial year and to consider imposing further obligations on State Water for the next audit if there has not been substantial improvement in the areas of concern noted above.

2 CONSIDERATION OF AUDITOR’S FINDINGS

In undertaking the audit review, the auditor has examined the obligations imposed on State Water through its Operating Licence for the 2005/06 period. The auditor has, therefore, only considered State Water’s compliance against specific requirements in the Licence for the 2005/06 audit period

A summary of the areas of compliance is provided in the following sections. Further detail on State Water’s performance is provided in the auditor’s report which is attached for information. The following section also provides the Tribunal’s comments in response to the auditor’s findings.

The auditor has used a compliance rating as presented in the table below.

Compliance assessment guide

Rating	Description
Full compliance	All requirements of the clause have been met
High compliance	Most requirements have been met with some minor technical failures
Medium compliance	The major requirements of the clause have been met
Low compliance	The key requirements have not been met, however, some minor achievements towards compliance have been made.
Insufficient information	The relevant information was not available to make an informed assessment of compliance. Additional information would be required to award a compliance rating
Non compliance (NC)	The requirements of the clause have not been met.
Not auditable (NA)	The requirements of the clause are not auditable at this stage as the date for implementing the requirements lies outside the audit period or the requirements are related to a clause that is not auditable.

2.1 Memorandum of Understanding

State Water is required to enter into Memorandum of Understanding (MOU) with the Department of Environment and Conservation (DEC), the Department of Primary Industries (DPI) and Department of Natural Resources (DNR). The purpose of the MOUs is to facilitate a cooperative relationship between these organisations to ensure that both the parties to the MOU can each meet their objectives.

2.1.1 Auditor's findings

State Water has received a Medium-High Compliance against the provisions in the Operating Licence.

Requirement	Auditor's Findings
<i>Development of MOUs</i> SWC must develop MOUs with DEC, DPI and DNR by 1 October 2005	High. The MOU with DEC was finalised on 3 Nov 2005 High.. The MOU with DPI was signed on 30 June 2006. Low. The MOU with DNR was finalised on 28 July 2006.
<i>Contents of the MOUs</i> MOUs to form basis of co-operative relationships between parties to further the objectives of the Operating Licence, with particular objectives required for each MOU.	Full. The contents of the MOUs with DPI and DEC fully comply with the requirements specified in section 2.3.2 of the Licence. High. The MOU with DNR generally meets the requirements in the Licence in outlining the role of State Water and DNR in managing regulated river systems. However, the MOU has excluded details of arrangements with regards to notification of available water determinations and controlled flows.
<i>Reporting performance against the MOUs</i> SWC must, by 1 September each year, report to IPART on its performance against the requirements of the MOUs.	Full. State Water has fully complied with this clause in relation to the MOU with DPI. High. In relation to the MOU with DEC, State Water has provided the Tribunal with its report but the format of the reporting does not give a clear indication that all requirements of the MOU have been met. Medium. However, there was little information in the report on the interactions between State Water and DNR apart from references to multi-agency groups on which the two organisations are represented. The auditor reported a Medium compliance for reporting the activities with the DNR.

Auditors' recommendations

The auditor has submitted a number of recommendations in relation to this section of the Licence:

- R4.1 – State Water to consider revising the MOU with DNR in order to address the issue of the arrangement for the making and announcing of available water determinations and controlled flows.
- R4.2 – State Water should consider preparing a more formal report of performance against and compliance with the MoUs including, as a base, a list of the requirements of the MOU and how State Water have complied with each one.
- R4.3 – State Water need to provide additional detail on performance against and compliance with the MOU with DNR including all the various activities that State Water and DNR collaborate on.

2.1.2 IPART comment

The MOUs provide the basis of the cooperative relationship between State Water and key Government agencies. The relationship with DNR is of particular importance, given the range of areas where State Water and DNR rely on having clearly defined roles. While the Tribunal recognises that State Water is a newly established organisation, it is concerned that the relationship with DNR has not been fully defined as prescribed in the Licence.

The Tribunal is aware that there continues to be ongoing debate between State Water and DNR on the allocation of functional responsibilities. This issue needs to be resolved as it is the key organisation that State Water needs to ensure that there is a cooperative relationship. Given the restructure of DNR following the recent election, State Water will need to review its current MOU with the new Department of Energy and Water.

The Tribunal does not recommend that the Minister impose additional requirements on State Water, but believes that there is a need to monitor progress in developing the MOU with DNR.

2.2 Customers and Community Engagement

State Water's core business is providing services to 'regulated river' customers. Services to these customers include providing water allocations from dams, billing and metering. The Operating Licence specifies terms related to customer consultation and community engagement on the delivery of State Water's services and enables these groups to provide input into how its delivery system is managed.

2.2.1 Auditor's findings

In general State Water received a very high level of compliance with the requirements of this Part of the Operating Licence. There was only one area where full compliance was not achieved as discussed in the table below.

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Requirement	Auditor's Findings
<p><i>Establish Community Consultative Committee (CCC)</i> SWC must establish and regularly consult with a statewide community consultative committee.</p>	<p>Full. The auditor found that SWC has established the CCC and fully complied with the relevant clauses in the Licence.</p>
<p><i>Provision of information to the Consultative Committee</i> SWC must provide the Community Consultative Committee with information within its possession to allow the Committee to discharge the tasks assigned to it.</p>	<p>Full. The auditor found that SWC has fully complied with this requirement and this provision has been included in the Terms of Reference for the CCC.</p>
<p><i>Establish Customer Service Committees</i> SWC must establish and regularly consult with valley based customer service committees to enable customer involvement in issues relevant to SWC's obligations under the Operating Licence.</p>	<p>Full. The auditor found that there was full compliance in relation to the establishment of and consultation with the Customer Service Committees (CSCs)</p>
<p><i>Provision of information to Customer Service Committees</i> SWC must provide the Customer Service Committees with information within its possession to allow the Committee to discharge the tasks assigned to it.</p>	<p>High. SWC only received a high compliance in relation to the provision of information to the CSCs as SWC has noted some difficulties in providing this information.</p>
<p><i>Customer Service Charter</i> SWC must, in consultation with the Customer Service Committees, establish and maintain a Customer Service Charter and report Compliance against Charter.</p>	<p>Full. SWC has received a Full compliance in relation to these provisions in the Licence.</p>
<p><i>Report Compliance against Charter</i> SWC must, by no later than 1 September each year, report to IPART on its overall performance against the Customer Service Charter.</p>	<p>Full. SWC has provided a report on its performance against all its obligations under the Charter prior to 1 September.</p>
<p><i>Establish Fish River Customer Council</i> SWC must establish and regularly consult with a Fish River Customer Council to enable Fish River customers involvement in issues relevant to the performance of SWC's obligations in relation to the Fish River Scheme.</p>	<p>Full. SWC stated that the Fish River Customer Council has been in operation, in one form or another, for fifteen (15) years. The Terms of Reference for the Council state that meetings shall occur not less than twice a year however SWC indicated that meetings are held every two months.</p>
<p><i>Provision of information to the Council</i> SWC must provide the Fish River Customer Council with information within its possession to allow the Council to discharge the tasks assigned to it.</p>	<p>Full. SWC states that it has fully complied with this requirement and has provided evidence of Customer Council meetings to support their compliance.</p>
<p><i>Debt management code</i> SWC is required to establish a code of practice and procedure for debt management</p>	<p>High. SWC stated that they implemented the code of practice and procedure for debt management in February 2005 and that the code continues to be in operation.</p>

Auditor's recommendations

The auditor has submitted a number of recommendations in relation to this section of the Licence:

- R5.1 - State Water should ensure that its financial systems are able to provide information as requested by the Customer Service Committees (CSCs).
- R5.2 - State Water should request a revision to clause 4.6.2 of the Operating Licence at the upcoming Operating Licence review to reflect their stance on alternative payment plans.

2.2.2 IPART comment

The Tribunal notes that State Water has largely fully complied with its obligations under this section of the Licence. An area of concern, however, is the provision of financial information to CSCs. This issue has been raised during the Tribunal's recent price determination for State Water. State Water has recognised the limitations of its previous financial systems which did not provide the flexibility required to provide the CSCs with the level of detail requested. State Water has recently introduced a new financial system and the Tribunal would expect to see substantial improvement in the provision of information to the CSCs at the next audit.

The Tribunal does not recommend that the Minister impose additional requirements on State Water.

2.3 Complaint and Dispute Handling

The Operating Licence includes provisions relating to complaints and dispute handling. Under clause 5 of the Licence, State Water must:

- establish and continue to have in place internal complaints handling procedures for receiving, responding to and resolving complaints it receives from Customers and the community relating to any of its functions.
- have in place and continue to have in place a Dispute Resolution Scheme or other arrangements for the external resolution of disputes between State Water and its Customers.

2.3.1 Auditor's findings

State Water received, on average, a medium level of compliance with the requirements of this part of the Operating Licence. However there are two areas where a lower level of compliance was awarded. These areas are briefly discussed in the table below.

Requirement	Auditor's Findings
<p><i>Establish Internal Complaints handling system</i> SWC must establish, by no later than 31 October 2005, and continue to have in place, internal complaints handling procedures for receiving, responding to and resolving complaints.</p>	<p>Low. SWC did not have internal complaints handling procedures in place by 31 October 2005. SWC's Board gave in-principle approval to a proposed framework in March 2005 however it was not until 28 July 2006 that the procedures were implemented</p>
<p><i>Establish complaint categories</i> SWC must, in consultation with IPART, determine appropriate complaint categories by no later than 31 October 2005.</p>	<p>Low. SWC did not have a complaints system in place by 31 October 2005 and did not have a set of appropriate complaint categories. SWC has now established complaint categories in consultation with IPART which include eight general categories and two categories specific to the Fish River Water Supply Scheme.</p>
<p><i>Reporting on complaints</i> SWC must report to IPART by no later than 1 September each year on its internal complaints handling procedures including details such as the number and type/category of complaints, the complaint resolution process, and any problems of a systemic nature.</p>	<p>High. SWC is currently developing the systems to collect and records complaints however SWC were able to provide some information on complaints received over the audit period.</p>
<p><i>External dispute resolution scheme</i> SWC to have in place by no later than 1 September 2005 and continue to have in place, membership of an industry based dispute resolution scheme.</p>	<p>High. SWC officially became a member of the Energy and Water Ombudsman NSW on 1 January 2006 however there was an apparent delay in SWC processing the application which led to SWC missing the 1 September 2005 deadline</p>
<p><i>Report on external dispute resolution scheme</i> SWC must report to IPART by no later than 1 September each year on the external dispute resolution scheme</p>	<p>Full. SWC reported on this requirement in their 1 September report to IPART. The report identified only two matters that were raised with the Energy and Water Ombudsman NSW and both matters were resolved within 30 days.</p>
<p><i>Report on other complaints and civil actions</i> SWC to report to IPART by no later than 1 September each year on any complaints made against SWC to other bodies and any civil actions brought against SWC.</p>	<p>Full. SWC has reported on these two issues in their 1 September report to IPART. The report identified on minor complaint/action that was withdrawn prior to formal court action.</p>

Auditor's recommendations

The auditor has submitted one recommendation in relation to this section of the Licence, that State Water should consider providing the information on customer complaints prior to the 1 September deadline.

2.3.2 IPART comment

The Tribunal recognises that there are two areas of low compliance identified by the auditor. However, these breaches related partly to the systems not being in place by the dates required in the Licence. However, State Water has since completed these Licence obligations and the Tribunal does not believe that there are any major issues of concern in this area.

The Tribunal does not recommend that the Minister impose additional requirements on State Water in relation to this section of the Licence.

2.4 Water Delivery Operations

The Operating Licence includes provisions relating to State Water's Water Delivery Operations. These provisions relate largely to ensuring that State Water has:

- a high degree of understanding of the water cycle and river systems
- plans in place to conserve water and manage the system in times of drought.

2.4.1 Auditor's findings

State Water, on average, received a high level of compliance with the requirements of this part of the Operating Licence. However, there was one area where State Water only received a Medium level of compliance. These areas are briefly discussed in the table below.

Requirement	Auditor's Findings
<i>Water conservation measures</i> SWC must take steps to conserve water and minimise losses from its operations	Full. SWC provided an extensive list of water conservation works undertaken over the 2005-2006 audit period including general measures, works undertaken in specific valleys and opportunities for improvement of measures taken.
<i>Supply constraint issues</i> SWC must endeavour to manage water release functions and operations to ensure the timely availability of water taking into account physical supply constraints	High. SWC indicated that delivery constraints are governed by the Water Sharing Plan while physical constraints are governed by the size of the assets involved. SWC had some issues related to the delivery of water which reduced the compliance rating.
<i>Drought Management Plan</i> SWC must, in periods of extreme water resource shortage beyond drought of record as and when gazetted by DIPNR [now DNR], develop a Drought Management Plan for river operations in accordance with DIPNR [now DNR] requirements	Full. SWC has already developed a Drought Management Plan for the Lachlan Valley and is investigating whether a Plan for the Namoi Valley is required.
<i>Water metering accuracy</i> SWC must report to IPART by no later than 1 September each year on what action it has undertaken over the preceding financial year to address the issue of metering accuracy and its findings in carrying out this action	Full. SWC have provided details of their compliance with this clause in the 1 September report to IPART
<i>Performance measure reporting</i> SWC must report to IPART and the Minister, by no later than 1 September each year on its performance against the performance measures approved under clause 7.4.2 for the preceding financial year, including analysis of any systemic problems.	Full. SWC has provided details of their performance against the performance measures in the 1 September report to IPART.

Requirement	Auditor's Findings
<p><i>Water Balance Reporting</i> SWC must prepare by no later than 1 September each year, annual water balances in the form of the template at Table 5-1 of the final report by Sinclair Knight Merz "State Water Operating Licence – Water Balance Template" dated 30 March 2005 and in accordance with that report</p>	<p>Medium. SWC stated in their 1 September report to IPART that the water balances were not available but would be completed in October 2006. However, this target was not achieved and SWC is completing water balances for individual valleys as resources allow</p>
<p><i>Fish River Water Balance</i> SWC must prepare by no later than 1 September each year an annual water balance for the Fish River Water Supply Scheme and must report to IPART no later than 29 June 2008 on system yields a specified levels of reliability.</p>	<p>Full. SWC provided the Fish River Water Balance in their 1 September report to IPART. The system yield details are not required until 29 June 2008 however SWC indicated that the results should be available in March 2007.</p>

Auditor's recommendations

The auditor has submitted a number of recommendations in relation to this section of the Licence:

- R7.1 – State Water needs to improve performance in coordinating accurate water releases to improve compliance for management of water releases while taking into account physical supply constraints.
- R7.2 – State Water to complete all remaining water balances and continue to investigate improvements to the timely delivery of the information by 1 September.
- R7.3 – State Water to ensure that the metering performance measures developed are appropriately in line with National Water Initiative standards.
- R7.4 – State Water to fully implement the pro-forma metering audit sheets to commence collecting data for inclusion in future 1 September reports to IPART.

2.4.2 IPART comment

The Tribunal notes that State Water has achieved, on average, a high level of compliance in relation to this section of the Licence.

State Water should consider the auditor's recommendations listed above to provide some guidance of areas that require further work prior to the next audit review.

However, a particular issue of concern raised by the auditors is State Water's lack of progress in completing the annual water balances in the form specified in the Licence. The purpose of presenting a water balance for each system is to ensure transparency in the availability and distribution of water resources. Explicitly accounting for the source and distribution of water in a water balance will provide greater certainty to consumers about the availability and management of those resources. Given the importance of this issue, the Tribunal will continue to monitor State Water's progress in completing the Water Balance template specified in the Licence.

The Tribunal does not recommend that the Minister impose additional requirements on State Water in relation to this section of the Licence.

2.5 The Environment

State Water’s core functions—the capture, store and release of water—have the potential to significantly affect the environment. For example, its storages (such as dams and weirs) can have major detrimental impacts on river health and biodiversity, by changing the natural flow of rivers, impeding the passage of fish, and interfering with ecological processes. The quality and temperature of water released from these storages can also affect river health. The Licence, therefore, imposes obligations on State Water to undertake its operations so as to minimise the impact on the environment.

2.5.1 Auditor’s findings

State Water received a High-Full level of compliance with the requirements of this part of the Operating Licence. These areas are briefly discussed in the table below.

Requirement	Auditor’s Findings
<i>Establish Environment Management Plan</i> SWC must produce a five-year environment management plan by 1 November 2005.	High. SWC implemented the final Environment Management Plan on 2 May 2006. The delay in submitting the Plan was a result of the SWC Board requesting changes to the Plan and the decision to place the draft Plan for public consultation.
<i>Environmental performance reporting</i> SWC must, by no later than 1 September each year, or an alternative later date specified by IPART, for the preceding financial year, report to IPART on its environmental performance including its performance against or compliance with the targets under this clause.	Full. SWC have provided a detailed report on its performance against the Environment Management Plan in their 1 September report to IPART.

Auditor’s recommendations

The auditor has not made any specific recommendations on this section.

2.5.2 IPART comment

The Tribunal notes the auditor’s findings in this section and State Water’s high level of compliance. The Tribunal does not recommend that the Minister impose additional requirements on State Water in relation to this section of the Licence.

2.6 Performance indicators

Under the provisions of clause 9 of the Licence, State Water must maintain record systems that are sufficient to enable it to measure accurately its performance against a number of performance indicators related to asset management, water delivery/quality and policing functions.

2.6.1 Auditor’s findings

State Water, on average, has received a high level of compliance with the requirements of this part of the Operating Licence. These areas are briefly discussed in the table below.

Requirement	Auditor's Findings
<p><i>Performance indicator record systems</i> SWC must maintain record systems that are sufficient to enable it to measure accurately its performance against the performance indicators set out in Schedule 1 of the Operating Licence.</p>	<p>Medium. SWC does not have a single system to measure performance against the indicators however SWC have indicated that systems are in place to collect eight out of the ten indicators.</p>
<p>Schedule 1, Part A Water Delivery indicators</p>	<p>Full to Non compliant. In general, SWC did not have the recording systems to measure performance against these indicators. Of the 5 indicators, SWC received a Non compliant rating for two of the indicators, a Low rating for one indicator and a Full rating for two of the indicators.</p>
<p>Schedule 1, Part A Policing functions</p>	<p>Full. SWC achieved full compliance with the requirements of this clause.</p>
<p>Schedule 1, Part B Fish River Asset Management</p>	<p>Full to Low. SWC generally achieved full compliance, apart from the average response time to an unplanned interruption which is not generally measured resulting in a Low rating for this indicator.</p>
<p>Schedule 1, Part B Fish River Water Delivery</p>	<p>Full. SWC achieved full compliance with this requirement for environmental flow release monitoring.</p>
<p>Schedule 1, Part B Fish River Water Quality</p>	<p>Full. SWC generally achieved full compliance with the guidelines from the Australian Drinking Water Guidelines 2004 apart from one parameter, colour, which achieved 92% instead of 100%.</p>
<p><i>Performance reporting</i> SWC must report to IPART, by no later than 1 September each year on its performance against the performance indicators in Schedule 1 for the preceding financial year, including analysis of any systemic problems.</p>	<p>Full. SWC reported under this clause in their 1 September report to the Tribunal.</p>

Auditor's recommendations

The auditor has submitted a number of recommendations in relation to this section of the Licence:

- R9.1 - State Water should accelerate the implementation of the Water Information Exchange program to ensure that the information required (as detailed in the discussion above) under this part of the Operating Licence is collected for the next Operational Audit.
- R9.2 - State Water should investigate alternative methods of measuring performance in delivering orders within +/- one (1) day of the scheduled day of delivery. This may include, for example, additional flow gauging stations at strategic locations to assist in monitoring for the timing of scheduled releases.
- R9.3 - State Water should investigate where the current method of recording rescheduled orders can be expanded to note whether the rescheduling was requested by the customer or was a result of State Water operations.

- R9.4 – State Water to accelerate implementation of the Incident Report form and ensure that staff are provided with training in the use of the form. The information collected on the form should be stored in order to report the information at the next Operational Audit.
- R9.5 – State Water may wish to review the performance target related to reporting the delivery of water orders outside +/- one(1) day of the scheduled day of delivery to more accurately reflect the complexities of water delivery.

2.6.2 IPART comment

The Tribunal notes the auditor's findings in this area but does not recommend that the Minister impose additional requirements on State Water in relation to this section of the Licence. The Tribunal believes that State Water should use the recommendations proposed by the auditor to guide its work prior to the next audit. The Tribunal proposes to discuss these issues further with State Water and monitor its progress in improving these areas prior to the next audit.

2.7 Pricing

2.7.1 Auditor's findings

State Water is required to apply fees and charges for all services in accordance with the terms of the Operating Licence, relevant legislation, COAG Strategic Framework for Water Reform initiatives, and any IPART determinations related to setting the maximum fees and charges payable.

The auditor has found that State Water has fully complied with this obligation and has applied the fees and charges specified in the most recent IPART Bulk Water Pricing Determination.

Auditor's recommendations

The auditor has not made any specific recommendations on this section.

2.7.2 IPART comment

The Tribunal notes State Water's full compliance in relation to this clause.

