



Detailed Paper B – What our stakeholders have told us and how we have responded

Submission to IPART for prices from 1 July 2021 for water management services provided by the Department of Planning, Industry and Environment-Water and Natural Resources Access Regulator on behalf of the Water Administration Ministerial Corporation

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Detailed Paper B – What our stakeholders have told us and how we have responded

During the current price determination period, we consulted widely on a wide range of WAMC activities with our stakeholders, including customers (water licence holders and users), traditional land owners, communities and local businesses, Universities, Federal and State agencies (including basin state governments) and organisations such as the Commonwealth Environmental Water Owner (CEWO), inter-jurisdictional organisations (MDBA and BRC), regional associations, environmental groups, commercial and recreational fishers and other recreational water users.

We have implemented a Stakeholder and Community Engagement Policy¹, established Stakeholder Advisory Panels, published an Engagement Register on our website² and introduced Boréal, a web-based stakeholder engagement tool DPIE Water uses to manage and communicate with its stakeholders. It records, maps and reports on the engagement activities undertaken across the Department.

Given the depth of consultation activities undertaken over the regulatory period, the intensity of engagement activities undertaken in the first quarter of 2020 in relation to drought, regional water strategies, metering, floodplain harvesting and water resource plans, and then the emergence of COVID, we have not undertaken specific consultation of draft prices. Rather, this proposal has been prepared, in large part, as a response to the expectations of stakeholders, external reviewers and legislators, expressed consistently over the regulatory period.

Consistent themes we have heard

In 2020, we asked an independent consultant, KJA, to review the extensive WAMC-related consultation and engagement activities we have undertaken since 2016 to assist the price review process³. Across the more than 1,300 engagement activities related to WAMC undertaken over four years four themes were identified. These themes, and key priorities identified by stakeholders under each theme, are described below.

Clear and transparent enforcement of the water management framework⁴

Stakeholders have asked for clear and transparent enforcement of the water management framework to ensure consistency and compliance. Customers indicated strong support for a robust compliance and enforcement regime. More engagement and transparency, as well as adequate resourcing particularly in relation to the number of compliance officers, were identified as customer priorities in this area.

Consistently stakeholders suggested that to improve enforcement of the water management framework more effort by WAMC is needed to:

¹ Water stakeholder and community engagement, Policy, IND-I-245, https://www.industry.nsw.gov.au/__data/assets/pdf_file/0011/148529/IND-I-245-Water-Stakeholder-and-Engagement-Policy.pdf

² <https://www.industry.nsw.gov.au/water/what-we-do/stakeholder-engagement>

³ KJA, *DPIE IPART Price Submission – Stakeholder Engagement Plain English Summary and Final Report*, 27 February 2020

⁴ KJA, *DPIE IPART Price Submission – Stakeholder Engagement Plain English Summary and Final Report*, 27 February 2020, p7

- ensure that rules in Water Resource and Water Sharing Plans are clear and based on accurate data
- expand NRAR's public register to boost transparency, and
- educate and engage with customers about NRAR's role and its work, to improve perception and understanding of the regulator.

Monitoring customers can trust across programs and water sources⁵

Customers have consistently advised that they want monitoring that they can trust across programs and water sources. This includes suggested improvements to current technology as well as reporting requirements. Customers consider that this would allow for fair and consistent rule enforcement, based on accurate information. Customers also want accurate and reliable data to provide them with certainty and to inform decisions about how to manage their water entitlements.

Stakeholders suggested that to improve trust in monitoring to support water management more effort is needed by WAMC to:

- ensure NRAR is properly resourced to monitor compliance and educate customers,
- expand NRAR's public register to boost transparency,
- ensure we are using the best-available and most up-to-date technology to measure and monitor water quantity and quality,
- ensure that monitoring data and systems are transparent, and
- ensure that new rules in water resource and water sharing plans are accompanied by a well-resourced and transparent monitoring regime.

Better accountability for water management decisions⁶

Stakeholders consistently demand improved accountability for water management decisions through greater transparency and strong evidence. Customers expect more technical reports and scientific analysis to provide evidence to support the Department's WAMC decisions and proposals, as well as to inform customer feedback on these.

Stakeholders suggested that to increase accountability more effort is needed by WAMC to:

- ensure decisions are based on strong evidence,
- publish evidence for our decisions,
- use multiple experts to provide triple-bottom-line evidence for decisions,
- keep customers updated on results of programs and policies,
- give customers access to technical experts so they can develop trust in the methodology and data sources, and
- provide better education and engagement on compliance.

⁵ KJA, *DPIE IPART Price Submission – Stakeholder Engagement Plain English Summary and Final Report*, 27 February 2020, p8

⁶ KJA, *DPIE IPART Price Submission – Stakeholder Engagement Plain English Summary and Final Report*, 27 February 2020, p9

Improving the information available to customers⁷

Customers expect that we consistently improve the information available to them to provide certainty, help better inform their decisions, their feedback to the Department on specific issues and their understanding of the water management system.

Stakeholders suggested that to improve information, more work is needed by WAMC to:

- deliver more coordinated planning between government agencies and planning processes,
- increase public reporting about the progress of water management activities,
- provide more information on water allocation statements,
- make information available about reasons for our decisions, especially on restrictions,
- provide more information on water and water availability, in relation to drought, groundwater and surface water,
- provide detailed information about reforms being made available prior to future consultations, and
- improve timeliness of information in relation to specific WAMC activities to ensure customers have access to the most up-to-date information.

The full report by our consultant is Attachment A to this Detailed Paper.

Our principles of stakeholder engagement

We know that engaging with stakeholders and the community and incorporating what we hear into our decision making helps inform better water management outcomes, improved service delivery and enhanced customer satisfaction. To this end we have prepared and published our water stakeholder and community engagement policy⁸ that outlines the principles and procedures we apply when seeking stakeholder feedback on our projects and programs.

We have used this policy over the latter part of the current regulatory period (since its publication in 2018) and we will continue to improve our processes in accordance with this policy and its successors over the next regulatory period. Our incremental improvements will also incorporate stakeholders' feedback about experiencing engagement fatigue and a frustration at needing to respond to multiple engagement strategies.

Ongoing, stakeholder feedback is invaluable to our decision making as the outcomes of our stakeholder engagement informs our business decisions and is embedded in our decision-making processes. An example of how this works successfully in practice is in the case study outlined below:

Case study: Water Renewal Taskforce

The following case study demonstrates how stakeholder feedback has influenced the design of water management activities over the period.

In July and August 2019, the Water Renewal Taskforce from the Department of Planning Industry and Environment - together with NRAR and WaterNSW - held a 'metering

⁷ KJA, *DPIE IPART Price Submission – Stakeholder Engagement Plain English Summary and Final Report*, 27 February 2020, p10

⁸ Water stakeholder and community engagement, Policy, IND-I-245, https://www.industry.nsw.gov.au/__data/assets/pdf_file/0011/148529/IND-I-245-Water-Stakeholder-and-Engagement-Policy.pdf

roadshow’ which stopped at 14 locations across regional NSW, as well as an online public webinar.⁹

The purpose of the metering roadshow was to:

- ensure stakeholders, particularly affected water users, understand the new metering rules,
- give water users the opportunity to provide feedback on implementation issues and
- seek feedback on a small number of changes to the Water Management (General) Regulation 2018.

Throughout the engagement process we received common feedback and key themes of concern from stakeholders. Overall, we heard support for the new metering rules across NSW and a general desire to work collaboratively with the Government to ensure the new metering rules can be implemented practically.

Water users in the first phase of implementation reported that it would be impossible to comply with key elements of the rules because of issues beyond their control. In particular, these were:

- having no water to test metering equipment and
- having, at that stage, no information about what devices water users will need to connect to the Government’s telemetry system.

The other key concerns raised all related to implementation of the metering rules. They were:

- difficulty of implementation during a drought, including financial hardship and inability to test meters,
- the challenging timeframes set for implementation,
- concern about the transition of government-owned meters to private ownership,
- the costs associated with the limited number of pattern-approved meters and duly qualified persons available to the market and
- the cost impost to water users, particularly smaller users

Our response

In response to the feedback collected at the roadshows, the Government announced it would adjust the start dates for the metering rules and make other minor changes to the metering rules.

Adjusted start dates for metering rules

To address concerns about users’ ability to comply with the rules the first three start dates for the metering rules were adjusted:

- 1 December 2020 - for surface water pumps 500mm and above - all regions
- 1 December 2021 - remaining works that require a meter - Northern Inland regions
- 1 December 2022 - remaining works that require a meter - Southern Inland regions.

To achieve a full rollout of the metering rules by 1 December 2023 the 1 December 2023 date was unchanged.

⁹ July–August 2019 Metering Roadshow What We Heard, October 2019, https://www.industry.nsw.gov.au/__data/assets/pdf_file/0010/279433/metering-roadshow-what-we-heard-2019.pdf

Other minor changes to metering rules

Other minor changes to the rules addressed other areas of feedback we heard during the metering roadshow. We:

- granted an exemption for 'inactive' groundwater works,
- required tamper evident seals,
- streamlined recording and reporting and additional requirements to remove, reporting gaps identified from feedback,
- granted an exemption for works not nominated by an access licence and
- put in place new timeframes for duly qualified persons to provide information.

We listened to concerns and counter arguments about the requirement for a duly qualified person to install metering equipment and decided to retain this requirement to address concerns that poor installation could result in water users paying extra to fix errors in order to obtain validation certificates and that self-installation could compromise the integrity of the validation process.

To address concerns with the transfer of government owned meters we undertook to consult with affected water users on the design of the scheme, based on the following principles:

- metering equipment will only be transferred to water users if it is compliant with the metering rules,
- water users will have the information they need to make an informed choice and
- timeframes will be fair and reasonable.

Customer engagement specific to NRAR's WAMC activities

A March 2020 survey by NRAR sought feedback from nine Customer Advisory Groups about the importance of NRAR's compliance, customer management and water consent activities, finding that around three-quarters of the respondents rated its activities as either important or very important.

We sought CAG members' feedback and conducted an online and paper survey, which asked CAG members to rate:

- the importance of activities undertaken by NRAR
- their level of knowledge of NRAR and its services

Whilst not a statistically significant survey, given CAG members are invited water users with an interest in water policy rather than a random sample, the feedback we received provides useful insights into community and customer sentiments about our role.

Key Findings

A strong majority of survey respondents rated all NRAR activities as *very important* or *important*. In particular, communications and education were considered *very important* by many respondents.

The CAG members told us that NRAR activities are important, but they are concerned about NRAR cost levels and allocation. They are reluctant to fund increased compliance activity, particularly controlled activity approval compliance and environmental flow shepherding and want to see costs more accurately allocated to valleys. In addressing these concerns NRAR has removed costs relating to controlled activity approval compliance from its cost base

(estimated at over \$1.8 million) and we have proposed a change to the way costs are allocated between valleys.

We also heard that members want:

- NRAR to assess and state compliance levels, to restore social licence, e.g. publish audit results
- increased proactive compliance and education efforts to help water users comply
- a voluntary accreditation scheme
- further clarity of water agency function
- equity between the north and south of the Murray Darling Basin, and
- progress on stock and domestic guidelines.

Overall, the consultation highlighted to NRAR the importance of its activities, particularly education and communication, but also highlighted concerns regarding the potential level of NRAR costs and the potential for water users to pay for NRAR's controlled activity compliance functions (which are not related to water use). Following this feedback NRAR sought to find further cost efficiencies and seek alternative sources of funding and to take account of water user concerns regarding NRAR's controlled activity compliance functions.

Attachment A – KJA Plain English Summary and Final Report into DPIE IPART Price Submission – Stakeholder Engagement



DPIE IPART Price Submission – Stakeholder Engagement

Plain English Summary and Final Report

27 February 2020

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About this document

The Department of Planning, Industry and Environment (DPIE) provides a range of water planning and management services for the Water Administration Ministerial Corporations (WAMC), including ensuring available water is shared equitably between various water users and the environment.

The WAMC's water management services are regulated by the Independent Pricing and Regulatory Tribunal (IPART) and reviewed every four to five years. IPART's next determination of WAMC prices is scheduled to commence on the 1st July 2021. DPIE will be making a joint submission to IPART with the Natural Resources Access Regulator (NRAR) proposing prices to recover their costs of providing services on behalf of WAMC.

As part of its submission, DPIE has engaged KJA to conduct a review to gain an understanding of the feedback given on its engagement activities over the past 5 years. More specifically, KJA was tasked to research and interview DPIE staff on the myriad of consultation activities on behalf of DPIE relating to WAMC (water management) services, conducted between 1 July 2015 and 1 January 2020 and to identify any events planned from 1 January 2020 to 30 June 2020. The focus of DPIE consultation has been to understand customer and stakeholder views about particular water management activities. This means that the feedback relates to the views of these stakeholders and will not necessarily reflect all the views of the broader community. The understanding of feedback and review of engagement activities will help to inform the proposals in the price submission that is consistent with IPART's Guidelines for water agency pricing submissions.

During the project period KJA conducted 8 interviews with 9 different contacts across the Department. The interviews helped KJA to identify and locate relevant records and information. KJA's collation and review of available documentation on past and planned stakeholder engagement have resulted in an Engagement Activities Schedule, a Final Report and a Plain English Summary.

The Engagement Activities Schedule includes over 1,300 activities identified based on information provided by DPIE staff and as found on relevant trusted websites. Where available, the schedule includes dates, engagement types, stakeholder groups and numbers consulted, key themes and document references. The Engagement Activities Schedule is intended to be used as a working document, subject to ongoing change and updated as necessary to respond to better availability of documentation.

KJA understands that the Final Report is to be included in the appendix of the high-level submission to IPART as supporting evidence to the Plain English Summary. Developing the Final Report and Plain English Summary has been an iterative process. Initially, a high-level outline of the Final Report was agreed with the Department. Subsequently, several rounds of review were undertaken. Further restructuring and edits were made based on an extra round of review and additional evidence.

Plain English Summary

As part of the Department's submission to IPART, KJA was engaged to review WAMC-related customer engagement activities undertaken since its last submission. WAMC water management activities are delivered by DPIE Water, NRAR and WaterNSW. This report focuses on feedback from customers and stakeholders relating to the DPIE and NRAR activities. The purpose of this review was to identify the themes customers identified as priorities and to suggest work that could be undertaken in the future to address those priorities.

From this review, four themes were identified by KJA across the more than 1300 engagement activities the Department undertook. These themes and key priorities identified by customers under each theme during the course of engagement activities are:

1. **Clear and transparent enforcement of the water management framework** to ensure consistency and compliance. Customers indicated strong support for a robust compliance and enforcement regime. More engagement and transparency, as well as adequate resourcing particularly in relation to the number of compliance officers, were identified as customer priorities in this area.
2. **Monitoring customers can trust** across programs and water sources. This includes suggested improvements to current technology as well as reporting requirements. Feedback from customers was that this would allow for fair and consistent rule enforcement, based on accurate information. Customers also want accurate and reliable data to provide them with certainty and to inform decisions about how to manage their water entitlements.
3. **Improved accountability for water management decisions** through greater transparency and strong evidence. Customers requested more technical reports and scientific analysis to provide evidence to support the Department's decisions and proposals, as well as to inform customer feedback on these.
4. **Improving the information available to customers** to provide certainty, help better inform their decisions, their feedback to the Department on specific issues and their understanding of the water management system.

Within each theme, specific project-by-project feedback from customers was linked to the services provided under individual cost-codes. From there, future work that could be undertaken under these cost-codes to improve services under each theme was identified. This work includes:

Clear and transparent enforcement of the water management framework

- Enforcement of rules in Water Resource and Water Sharing Plans should be clear and based on accurate data
- Expansion of the public register of the Natural Resource Access Regulator (NRAR) to boost transparency
- More work on educating and engaging with customers on the work done by the regulator
- Better understanding of how the work of the regulator is perceived and understood.

Monitoring customers can trust

- Ensuring the NRAR is properly resourced to monitor compliance and educate customers
- Increasing transparency about the work of the NRAR by expanding its public register
- Using the best-available and most up-to-date technology to measure and monitor
- Ensuring that monitoring data and systems are transparent
- New rules in WRPs and WSPs are accompanied by a well-resourced and transparent monitoring regime.

Improving accountability

- Basing decisions on strong evidence
- Publishing evidence for decisions
- Using multiple experts to provide triple-bottom-line evidence for decisions
- Updating customers on results of programs and policies
- Giving customers access to technical experts to ensure trust in the methodology and data sources
- Better education and engagement on compliance.

Improving information

- Better connectivity in planning
- More public reporting on the progress of water management activities
- More information provided on water allocation statements
- Make more information available regarding reasons for decisions, especially on restrictions
- More information on water and water availability, in relation to drought, groundwater and surface water
- Detailed information about reforms being made available prior to future consultations
- Improve timeliness of information in relation to specific cost-codes to ensure customers have access to the most up-to-date information.

To address the water management priorities and service improvements identified by customers, the Department would need to invest in the capability of its people, better technology as well as increase the level and adequacy of technical and scientific evidence and reporting. The future work identified in the course of this review would assist the Department in achieving the priority service improvements for which customers have asked.

Final Report

Introduction

WAMC water management activities are delivered by DPIE Water, NRAR and WaterNSW. The purpose of this report is to identify themes and messages from feedback received from customers and stakeholders during engagement activities undertaken by the Department and NRAR relating to WAMC services to help the Department understand its customers' preferences.

This understanding should inform decision making and was requested as part of the Department's IPART price proposal to recover costs of providing services on behalf of WAMC.

The Department has undertaken a significant amount of engagement, on a large number of issues, over the past five years to better understand customer preferences. The Department has also invested in technology and engagement software to better coordinate consultation activities and respond to customer feedback. This review will help to support the roll-out of this technology by providing information about past consultation and also projects which the software has not yet databased.

KJA was engaged in conducting a review of the outcomes of engagement activities undertaken relating to water management services since the Department's previous IPART price submission in 2015. This review resulted in a schedule of over 1300 engagement activities (Appendix B – Summary of schedule of engagement activities). The feedback received is representative of the views of stakeholders present at those events. A range of interviews with key Departmental officers and a thorough analysis of feedback provided by customers led to the identification of gaps and opportunities for future engagement activities. This analysis included linking changes to forecast service standards to feedback from customer consultation undertaken. KJA categorised the gaps and opportunities into four key themes. These themes provide a better understanding of the water management priorities of customers and those gaps that will require further work in the future to inform the Department's submission. The four themes are:

1. **Clear and transparent enforcement of the water management framework** to ensure consistency and compliance. Customers indicated strong support for a robust compliance and enforcement regime. More engagement and transparency, as well as adequate resourcing particularly in relation to the number of compliance officers, were identified as customer priorities in this area.
2. **Monitoring that customers can trust** across programs and water sources. This includes suggested improvements to current gauge boards and other technology as well as reporting requirements. This allows for fair and consistent rule enforcement, based on accurate information. Accurate and reliable data will provide certainty for customers, informing their decisions about how to manage their water entitlements.
3. **Improved accountability for water management decisions** through greater transparency and strong evidence. Customers requested more technical reports and scientific analysis to provide evidence to support the Department's decisions and proposals, as well as to inform customer feedback on these.
4. **Improving the information available to customers** to provide certainty, help better inform their decisions, their feedback to the Department on specific issues and their understanding of the water management system.

Details of the priorities identified by customers and future work required to address gaps are outlined below.

Customer priorities

Theme 1 - Clear and transparent enforcement of the water management framework

- Priorities identified by customers

Customers supported a clear, transparent and robust enforcement framework during consultation relating to water management plan development - Water Resource Plans (WRPs) and Water Sharing Plans (WSPs) across the State. Engagement on the creation of the independent regulator known as the Natural Resource Access Regulator (NRAR), Floodplain Harvesting and the introduction of a new metering framework also indicated strong support for such an enforcement framework.

Three key agencies are involved in the licencing and compliance of water use in NSW. The Department sets the rules by developing regulatory frameworks, plans and rules. WaterNSW implements the rules by determining licencing and approval applications and renewals, as well as providing information for most users. The independent NRAR enforces the rules by enforcing compliance, providing compliance education and issuing licensing and approvals.

WRPs describe the rules for diverting water within specified areas of the Murray Darling Basin, while WSPs specify the rules for sharing water to maintain the health, sustainability and productivity of surface water and groundwater sources across all of NSW. As such, during engagement on the development of coastal and inland WRPs and WSPs, customers identified as a priority the transparent enforcement of clear rules, based on accurate data and monitoring.

During consultation sessions on the creation of NRAR as part of the Water Reform Action Plan, customers identified the following priorities:

- The need for additional compliance officers to adequately monitor and enforce compliance
- The need for more engagement with customers on compliance and enforcement activities to allow customers to better understand the work of the NRAR
- Strong penalties for breaches, including pumping suspensions and fines.

Consultation on the roll-out of a new metering framework and introduction of licencing of Floodplain Harvesting revealed similar priorities. In addition to those identified above, specific feedback regarding enforcement in the context of these programs included:

- The need for a robust enforcement framework for floodplain harvesting. This means providing clarity around the rules and requirements and engagement on how those rules will be enforced
- The enforcement of a tamper-proof metering system to ensure confidence that compliance activity is undertaken on an accurate basis.

- Future work required to address priorities

Stakeholder feedback reflects an expectation that there would be an increased service standard for compliance management (Activity Code W08-03), especially in the areas of transparency and consultation. This is further reinforced with expectations set by customers in water management plan development (W06-01; W06-02) that enforcement of rules in WRPs and WSPs be clear and based on accurate and transparent information.

The need for NRAR to be better customer managers (W10-01) was also identified as a priority for future work, with customers asking for more engagement on the regulator's operations and activities. This could include an expansion of NRAR's public register to include all enforcement tools, as well as further engagement and quantitative studies to be undertaken to get a better picture of stakeholder perceptions and expectations.

Education regarding requirements and compliance activities for floodplain harvesting licence holders and the new metering network could address concerns expressed by customers around clarity of rules relating to the introduction of these new systems.

Theme 2 - Monitoring that customers can trust

- Priorities identified by customers

Across consultation on specific programs - customers identified reliable, transparent, accurate and consistent monitoring as a priority. Customers want a monitoring regime they can trust. This feedback was consistent across consultation on specific programs.

Feedback specific to the new metering network that was introduced (under W08-03) was provided during the Metering Roadshow and public submissions. Generally, customers supported the introduction of a better metering system, noting that any system should be reliable, accurate and tamper-proof. Customers expressed some concern about implementation, including:

- Compliance within the timeframe given the impacts of the drought
- Availability of approved metering devices
- Cost-effectiveness of the new requirements.

Consultation regarding the introduction of a new licencing regime for floodplain harvesting (also under W08-03) revealed similar concerns from customers. These concerns included:

- The need for updated gauge board technology
- Ensuring that all take is measured and monitored accurately and reliably
- Ensuring the new framework is tamper-proof
- Ensuring requirements are practical and cost-effective and can be effectively and safely implemented.

Trust in monitoring was a consistent feature of the extensive consultation regarding the development of WRPs and WSPs (W06-01 and W06-02). Customers noted that the monitoring of water use needed to be based on a fair and transparent system. This was particularly the case given the introduction of rules, including Individual Daily Extraction Components, Sustainable Diversion Limits and Active Management.

Similar feedback in relation to the work of NRAR in customer management (W10-01) was received from customers. Again, trust that water management and related water take and levels are being monitored accurately and reliably was an issue consistently raised. Specific to monitoring activities undertaken by NRAR, customers identified priorities including:

- The need for additional compliance officers to monitor compliance
- A better understanding and more information about monitoring activities
- More transparency in regard to monitoring activities undertaken by the regulator.

Customer feedback regarding groundwater data management and reporting (W02-03) included the need for transparency, especially relating to data collected from and monitoring of mining projects.

- Future work required to address priorities

Water quality and quantity monitoring (W01-05, W02-01, W02-02 and W02-03) provides data to support a number of water management services. Similarly, water resource accounting and systems operation and water availability management (W04-03 and W05-01) also support compliance activities. A robust, accurate and reliable water monitoring system is supported and expected by customers. Deepening the trust of customers in the water monitoring system is key to best practice water management in NSW. Customers set clear expectations in regard to ensuring that:

- Water monitoring is reliable and accurate
- Monitoring is done using the best-available and most up-to-date technology
- Monitoring data and systems are transparent.

This would represent an increased level of service in line with customer expectations in relation to:

- Customer management (W10-01)
- W04-03 and W05-01 compliance activity which supports NRAR
- Compliance management (W08-03)
- Water plan development (W06-01 and W06-02).

Work that could be undertaken in this regard would include:

- Ensuring the NRAR is properly resourced to monitor compliance as well as educate customers about its work (W08-03 and W10-01)
- Increasing transparency about the work of the NRAR by expanding its public register (W10-01)
- Work to address feedback from the community and users in relation to pricing and the perception of the work the NRAR undertakes (W08-03 and W10-01)
- Ensuring adequate gauging and measurement infrastructure is in place to measure and monitor take from floodplain harvesting (W08-03)
- Ensuring that a well-resourced, reliable and trusted monitoring regime accompanies the introduction of specific rules in WRPs and WSPs (W06-01 and W06-02).

Theme 3 - Improved accountability for water management decisions

- Priorities identified by customers

Consistent feedback from customers is that they look for accountability for decisions made by the Department. Priority areas identified in this regard include greater transparency and strong evidence that policies, planning and programs are backed by strong scientific, technical and economic evidence.

Improved accountability was identified as a priority as part of water planning in the development of WRPs and WSPs. Customers wanted to see the evidence that underpinned the decisions made during the development of these plans. This was especially the case in relation to measures and rules that were specific to environmental water management such as the introduction of active management, Individual Daily Extraction Components and Sustainable Diversion Limits. Impacted customers wanted to understand the environmental scientific basis and modelling on which decisions to introduce these specific measures were based. In addition, customers wanted to be

confident that these measures would result in the desired environmental impact by seeing and understanding the evidence themselves. In the same way, customers wanted confidence that the Department had also based decisions on sound socio-economic data. Transparency of this evidence-base was a concern for customers. Modelling of groundwater and surface water was also raised as an issue during these sessions. Customers want access to the groundwater data, including water levels and bore logs and to understand the impact on groundwater behaviour and availability of extraction as well as the modelling. Customers also wanted more transparency in the modelling of surface water.

Feedback obtained during workshops and the public consultation process regarding the development of Regional Water Strategies was similar. Regional Water Strategies plan and manage a region's long and short-term water requirements. The Department is currently working with water service providers, local councils, communities, Aboriginal people and other stakeholders across NSW to develop 12 regional water strategies across the State. These plans include infrastructure, management and policies to manage the long and short-term water needs of a region. Customers wanted to see a list of options for measures and infrastructure included in planning for each region and the detailed logic and evidence around how these options are developed.

The Department has been involved in on-going community consultation regarding impacts of the drought, including native fish deaths. Fish deaths have been raised as an issue during the Drought Update Roadshow taking place across NSW and during consultation on WRPs and WSPs. Environmental groups, commercial and recreational fishers, local government and technical specialists have been engaged on management and prevention of fish deaths. Customers engaged have called for evidence about fish movement patterns and how environmental releases assist in fish health.

In relation to the coastal harvestable rights review, stakeholders indicated the full range of benefits and impacts of changes need to be assessed, and multiple options for increasing harvestable rights needs to be analysed. Stakeholders were keen to continue to be involved in the review as it progresses.

Similar feedback was received in relation to the undertaking of water management works to reduce the impacts arising from water use or remediate watercourses. This included:

- Improved adequacy and accuracy of the evidence base of the impact of environmental releases, specifically how it impacts the triple bottom line
- Improved adequacy and accuracy of the evidence base of measures to manage water quality, specifically how it impacts the triple bottom line
- The need for more engagement and transparency on water management works
- Better communication and advanced notice of restrictions and environmental releases.

More up-to-date and detailed scientific analysis was requested during engagement activities on the Sustainable Diversion Limit Adjustment Mechanism (SDLAM) projects. SDLAM is part of the Murray Darling Basin Plan and includes 'supply' and 'efficiency' measures. The Department is leading six 'supply' projects which aim to deliver environmental outcomes using less water. Customers requested transparent access to more detailed scientific analysis that underpin these projects.

Further, customers expressed the need for improved transparency in relation to compliance and monitoring during engagement on programs including the introduction of a licencing system for floodplain harvesting, metering and the NRAR.

- Future work required to address priorities

Generally, customers want the Department to be accountable for its decisions. This means being transparent in its decision-making, having strong evidence for those decisions and ensuring that evidence is available to and able to be understood by its customers.

From the above feedback, there is an expectation that service generally in this regard would need to increase. Specific work would be required across the following areas:

- Surface water ecological condition monitoring (W01-05)
- Groundwater data management and reporting (W02-03)
- Surface water modelling (W04-01)
- Environmental water management (W05-03)
- Regional planning and management strategies (W06-05)
- Cross border and national commitments (W06-07)
- Water management works (W07-01)
- Compliance management (W08-03)
- Customer management (W10-01).

The expectation of customers is that the Department has a strong evidence-base for its decisions, particularly in the above areas. Customers also expect access to that evidence in the interests of transparency. Specific work that could be undertaken to improve transparency and accountability includes:

- Publishing the evidence-base for all programs and policies in relation to water management
- Using multiple experts to provide triple-bottom-line evidence for decisions to increase transparency and trust and strengthen the evidence base
- Updating customers on results of programs and policies
- Allowing customers to specifically engage with modellers and other technical experts to ensure trust in the methodology and data sources
- Engagement and increased education about the role of regulation and compliance activities.

These activities would need to be resourced - requiring additional program investment across the above cost-codes in order to satisfy customer expectations of service standards.

Theme 4 - Improving the information available to customers

- Priorities identified by customers

Customers want more information about water management and for that information to be accurate and easy to access. Feedback from stakeholders across a range of programs was that customers want this information to help provide them with certainty and to inform their own decisions about how to manage water allocations or to contribute to policy and planning.

During a severe drought, such as the one currently being experienced, customers want the most accurate and up-to-date information about water availability that can be provided. During the drought roadshow, customers also indicated they wanted more information provided as soon as possible in relation to environmental water releases. Customers also asked for more advance warning of restrictions. Further customers wanted more information about water quality and what was being done to address the issue.

Information regarding groundwater management including reports on project outcomes more in line with work undertaken on the Great Artesian Basin was requested during consultation sessions and workshops.

Other feedback from customers regarding information availability and the sort of information they want access to includes:

- Progress reports on the implementation of measures in WSPs and WRPs
- More detail in water allocation statements, to provide customers with certainty and warning if allocations are likely to reduce
- More detailed information regarding the ‘reason for decision’ and public interest test aspects of s324 pumping restrictions
- More information about cost implications regarding decisions like the introduction of Active Management in some WSPs
- Evaluation reports for WSPs
- Performance reporting against environmental, social and economic objectives of WSPs
- Connectivity in planning
- Adequate information to inform views on the development of Regional Water Strategies
- More information on SDLAM projects and consultation approach on these projects
- More information about water management works and their impact
- More detailed information about compliance activities undertaken by the NRAR.

This feedback was received during consultation undertaken by the Department on water planning, regional strategies, cross-border initiatives and compliance.

- Future work required to address priorities

Given the feedback above, customers will expect a higher level of service, particularly in relation to the following areas:

- Water planning and the development of regional strategies (W06-05, W06-06, W06-07)
- Customer management (W10-01)
- Water management works (W07-01)
- Information regarding surface and groundwater availability and monitoring (W01-05, W02-03, W04-01)
- Managing water availability and environmental water strategies (W05-01, W05-03)
- Performance and evaluation (W05-04).

Ensuring that up-to-date information about water management is available and readily accessible on current issues and reforms would help address stakeholder feedback about information availability. Specific work that can be undertaken to address identified customer priorities include:

- Better connectivity in planning
- More public reporting on the progress of water management activities
- More information provided on water allocation statements
- Make more information available regarding reasons for decisions, especially on restrictions
- More information on water and water availability, in relation to drought, groundwater and surface water
- Detailed information about reforms being made available prior to future consultations.

- Improve timeliness of information in relation to specific cost-codes to ensure customers have access to the most up-to-date information.

Undertaking work such as this would require an additional investment in the capability of Departmental staff as well as additional time and potentially additional FTEs.

Conclusion

Analysis of the Department's communications and engagement activities and outcomes (at Appendix B) reveals that customers have identified water management priorities across four key themes. Broadly these are improvements in enforcement, monitoring, accountability and accessibility of information. This may require an increased service level to meet the expectations of customers regarding the priorities they have identified. Each theme has areas of suggested work that could be undertaken to improve service levels in relation to each of these customer-identified priorities. Addressing those priorities will require the Department to invest in the capability of its people, better technology, increase the level and adequacy of technical and scientific evidence and reporting. The work identified in priority areas would be improved by testing whether customers and the broader public are likely to support price increases to deliver increased levels of service to meet customer expectations.

Appendix A – IPART WAMC Monopoly Services - Activity codes and description

Table A.1 WAMC Activity code descriptions

	IPART WAMC Activity code	Description
W01 Surface Water Monitoring	W01-01 Surface water quantity monitoring	The provision of a surface water quantity monitoring system; including design, station calibration, data collection, processing, encoding, quality assurance and archiving from the networks of water monitoring stations; the delivery of near real time height and/or flow data from all telemetered sites to the corporate database; and the maintenance and operation of surface water monitoring stations.
	W01-02 Surface water data management and reporting	The data management and reporting of surface water quantity, quality and biological information; including compilation, secure storage, management and publishing of data to customers, stakeholders and the general public
	W01-03 Surface water quality monitoring	The provision of a surface water quality monitoring program; including design, sample collection, laboratory testing and analysis, test result quality assurance to accepted standards, and test result encoding to make it available for data management and reporting.
	W01-04 Surface water algal monitoring	The provision of a surface water algal monitoring program; including design, sample collection, laboratory analysis, algal identification and enumeration to accepted standards, and result encoding for provision to regional coordinating committees.
	W01-05 Surface water ecological condition monitoring	The provision of a surface water ecological condition monitoring system to assess the health of water sources; including design and application based on the River Condition Index for rivers, flood plains and wetlands.
W02 Ground Water Monitoring	W02-01 Groundwater quantity monitoring	The provision of a groundwater level, pressure and flow monitoring system; including design, site calibration, data collection, entry, audit, quality assurance, archiving, and information provision; and the maintenance and operation of groundwater monitoring bores.

	W02-02 Groundwater quality monitoring	The provision of validated groundwater quality monitoring program including design, sample collection, laboratory testing and analysis, test result quality assurance to accepted standards, and test result encoding to make it available for data management and reporting.
	W02-03 Groundwater data management and reporting	The data management and reporting of groundwater quantity and quality information; including compilation, secure storage, management and publishing of data to customers, stakeholders and the general public.
W03 Water take monitoring	W03-01 Water take data collection	The electronic and manual collection, transmission and initial recording of water take data from licence holders for unregulated and groundwater sources; and the operation and maintenance of government owned meter and telemetry facilities.
	W03-02 Water take data management and reporting	The data management and reporting of water take for unregulated and groundwater sources including compilation, secure storage, management and publishing of data to authorised parties.
W04 Water modelling impact assessment	W04-01 Surface water modelling	The development, upgrade and application of surface water resource management models, for use in water planning and to assess performance in terms of statutory requirements, interstate agreements, regional water supply optimisation and third party impacts on NSW stakeholders.
	W04-02 Groundwater modelling	The development and upgrade and use of groundwater resource water sharing and management applications, and for resource impact and balance assessments.
	W04-03 Water resource accounting	The development and update of water resource accounts and information on NSW water sources, for use by external stakeholders, and for internal water planning, management and evaluation processes.
W05 Water management implementation	W05-01 Systems operation and water availability management	The preparation and implementation of the procedures and systems required to deliver the provisions of water management plans; and operational oversight to ensure plan compliance, the available water determinations and the assessment of compliance with long term extraction limits.
	W05-02 Blue-green algae management	The provision of an algal risk management system; including oversight, coordination and training, the issue of algal alerts and the development of algal risk management plans.
	W05-03 Environmental water management	The development and collaborative governance of environmental flow strategies and assessments; and the use of environmental water to achieve environmental outcomes.

	W05-04 Water plan performance assessment and evaluation	The assessment, audit and evaluation of the water management plans' appropriateness, efficiency and effectiveness in achieving economic, social and environmental objectives.
W06 Water management planning	W06-01 Water plan development (coastal)	The development, review, amendment, and extension or replacement of water management plans, and the consultation activities associated with developing these plans for the coastal water sources.
	W06-02 Water plan development (inland)	The development, review, amendment, and extension or replacement of water management plans; the development of additional planning instruments to comply with the Commonwealth Water Act; and the consultation activities associated with developing these plans for the inland water sources
	W06-03 Floodplain management plan development	The development, review, amendment and extension or replacement of Floodplain Management Plans in collaboration with OEH.
	W06-04 Drainage plan development	The development, review, amendment, and extension or replacement of Drainage Management Plans, to address water quality problems associated with drainage systems.
	W06-05 Regional planning and management strategies	The development, evaluation and review of regional water strategies, metropolitan water plans and other planning instruments, including the associated stakeholder engagement.
	W06-06 Development of water planning and regulatory framework	The development of the operational and regulatory requirements and rules for water access.
	W06-07 Cross border and national commitments	The development of interstate water sharing arrangements and the implementation of operational programs to meet national and interstate commitments.
W07 Water management works	W07-01 Water management works	The undertaking of water management works to reduce the impacts arising from water use or remediate water courses
W08 Water regulation management	W08-01 Regulation systems management	The management, operation, development and maintenance of the register for access licences, approvals, trading and environmental water.
	W08-02 Consents management and licence conversion	The transcribing of water sharing provisions into licence conditions and the conversion of licences to the Water Management Act.
	W08-03 Compliance management	The on-ground and remote monitoring activities (including investigations and taking statutory actions) to ensure compliance with legislation, including licence and approval conditions.
	W08-99 Water consents overhead	The administrative overhead costs associated with water consent transactions, which are passed on to customers in the water management tariff.

W09 Water consents transactions	W09-01 Water consents transactions	Transactions undertaken on a fee for service basis; including dealings, assessments, changes to conditions and new applications for water licences and approvals.
W10 Business and customer services	W10-01 Customer management	All customer liaison activities; including responding to calls to licensing and compliance information lines; and producing communication and education materials such as website content and participation in customer forums.
	W10-02 Business governance and support	The business systems and processes that support organisation-wide activities; including asset management, annual reporting and pricing submissions to IPART.
	W10-03 Billing management	The management of billing requirements and subcontracted billing, revenue collection and debtor management service delivery, and responding to queries on billing activities.

Appendix B – Engagement Activities Schedule Summary

Table B.1 Summary of Engagement Activities Schedule 07/2015 - 06/2020

Topic	Key consultation activities	Key stakeholders engaged
NRAR	<ul style="list-style-type: none"> At least 10 Advisory Panel Groups At least 30 meetings At least 5 events, including NRAR presentations 	<ul style="list-style-type: none"> MDBA, CEWH NSW Government agencies, including WaterNSW Various Customer Advisory Groups Environmental groups Stakeholder and water industry groups Water users, including irrigators
Water take measurement (metering)	<ul style="list-style-type: none"> At least 7 Advisory Panel Groups At least 30 community information sessions At least 20 meetings 	<ul style="list-style-type: none"> Key industry and Government stakeholders WaterNSW Customer Advisory Groups Environmental groups Water users, including farmers and irrigators
Environmental Water	<ul style="list-style-type: none"> At least 3 community information sessions At least 4 meetings 	<ul style="list-style-type: none"> NSW government agencies Stakeholder and water industry groups Water users, including irrigators
Water Resource Plans / Water Sharing Plans	<ul style="list-style-type: none"> At least 100 Advisory Panel Groups Over 60 community information sessions Over 90 meetings Over 100 workshops 	<ul style="list-style-type: none"> Federal Government agencies Basin State Governments NSW Government Agencies, including WaterNSW Local Government Regional associations Indigenous group representatives Water users
Floodplain Harvesting	<ul style="list-style-type: none"> At least 30 community information sessions and workshops At least 200 meetings, discussions and target consultation sessions 	<ul style="list-style-type: none"> Government agencies Environmental groups A wide range of water users and landholders Water users
Regional Water Strategies	<ul style="list-style-type: none"> At least 5 Advisory Panel Groups At least 15 community information sessions At least 50 meetings 	<ul style="list-style-type: none"> NSW Government agencies Local Government Regional associations Stakeholder and water industry groups Indigenous group representatives Wide range of water users

Drought management	<ul style="list-style-type: none"> • At least 9 Advisory Panel Groups • Around 40 community information sessions • At least 30 meetings 	<ul style="list-style-type: none"> • NSW Government Agencies • Local Government • Local businesses • Stakeholder and water industry groups • Water users
Fish kills	<ul style="list-style-type: none"> • Community information session, • Drought Update roadshow • Workshop 	<ul style="list-style-type: none"> • Local government • Environmental groups • Commercial and recreational fishers • Technical specialists
SDLAM	<ul style="list-style-type: none"> • At least 5 Advisory Panel Groups • At least 5 community information sessions • At least 30 meetings 	<ul style="list-style-type: none"> • Local government • Indigenous group representatives • Environmental groups • Local business • Water users - including farmers and irrigators
Murray Darling Basin Plan	<ul style="list-style-type: none"> • At least 10 Advisory Panel Groups • At least 6 community information sessions • At least 5 meetings 	<ul style="list-style-type: none"> • MDBA, CEWH • NSW Government agencies • Water users • Stakeholder and water industry groups • Environmental groups • Indigenous group representatives



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