

2 July 2024



# Dams Safety NSW expenditure

Review of efficient expenditure related to declared dams

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## Abbreviations

Term	Definition
<b>Act</b>	<i>Dams Safety Act 2015</i>
<b>AELERT</b>	Australasian Environmental Law Enforcement and Regulators Network
<b>AUD</b>	Australian dollar
<b>CIE</b>	Centre for International Economics
<b>CEO</b>	Chief Executive Officer
<b>DIMS</b>	Dam Information Management System
<b>FTE</b>	Full time equivalent
<b>FTI Consulting</b>	FTI Consulting (Australia) Pty Ltd
<b>IPART</b>	Independent Pricing and Regulatory Tribunal
<b>KPI</b>	Key performance indicators
<b>MRIT</b>	Modern Regulatory Improvement Tool
<b>NRAR</b>	NSW National Resources Access Regulator
<b>Regulation</b>	Dams Safety Regulation 2019

## Executive Summary

### Purpose of this report

Dams Safety NSW is an independent regulator responsible for ensuring that dam owners manage the safety of their declared dams in NSW. It was established on 1 November 2019 under the *Dams Safety Act 2015* (the Act) and seeks to apply an outcomes-focused and risk-based regulatory approach. As it is a new regulatory authority, it is continuing to improve its understanding of the risks faced by declared dams and to mature its regulatory approach.

Section 41 of the Act provides for declared dam owners to pay a levy to meet the costs incurred in administering the Act to the extent that they relate to declared dams. The NSW Premier has asked IPART to review the efficient costs of Dams Safety NSW and design a levy to recover these costs from owners of declared dams.

IPART has engaged FTI Consulting to:

- investigate and report on the efficient costs of Dams Safety NSW carrying out its functions under the *Dams Safety Act 2015*
- recommend information that Dams Safety NSW should collect to inform future assessments of the efficiency of the cost of Dams Safety NSW carrying out its functions under the Act.

IPART will use the results of this analysis of efficient costs to inform its own further work to recommend the methodology for recovering the efficient cost from individual dam owners, and for determining the quantum of the levy to be assigned to individual dam owners.

### Our findings and conclusions

#### Total efficient level of expenditure

In 2023-24, Dams Safety NSW is expected to spend \$4.45 million to administer the Dams Safety Act in relation to declared dams. This amount excludes \$0.14 million of costs not strictly related to declared dams, which relates to the provision of advice to the Minister and Government and assessing mining consent applications.

While Dams Safety NSW's regulatory maturity assessment indicates that it is continuing to mature its regulatory approach, it is yet to undertake an independent assessment of its efficiency and resource use.

Despite this, we consider Dams Safety NSW's 2023-24 costs likely represent efficient costs because:

- Dams Safety NSW targets its resources to higher consequence rated dams in relation to key activities related to audit and responding to non-compliance.
- Dams Safety NSW has developed key performance targets which it uses to monitor the achievement of outcomes arising from its use of resources.
- The Board and NSW Treasury scrutinise proposed budgets, and the Board also regularly scrutinises actual spend against budget and the achievement of key performance targets.

It is difficult to meaningfully compare Dams Safety NSW's expenditure with other regulators because the nature of the regulatory regime, and roles, activities and resourcing of their activities vary so much. However, we consider that Dams Safety NSW's expenditure is most comparable to the Queensland Department of Regional Development, Manufacturing and Water which undertakes a similar range of regulatory functions with 20 FTE staff and a budget of around \$5 million.

Accordingly, we have concluded that \$4.45 million is likely to represent the efficient costs associated with administering the Act in relation to declared dams. However, greater assurance could be provided in relation to the efficiency of expenditure and resource use in future by conducting a broader review of efficiency as recommended in this report.

#### Direct and indirect costs

The total efficient level of expenditure to administer the Dams Safety Act in relation to declared dams includes:

- \$3.1 million direct costs related to: auditing compliance; monitoring compliance; responding to non-compliance; educating and informing dam owners; developing regulatory guidance; and declaring new dams and mining notification areas
- \$1.35 million indirect costs related to: corporate support salaries; board costs; contractor costs; office rent; IT system build and maintenance; communication and other costs.

Some costs of regulating declared dams vary according to dam consequence rating, but there is little evidence that multiple dam ownership or similar factors reduce the effort required to regulate.

Reflecting our more detailed analysis presented in this report, Table 1 sets out the estimated average cost associated with regulating declared dams given the number of

dams with each consequence rating. It comprises the direct costs of activities that vary by dam consequence rating, the direct costs of activities that are the same for all dams and the indirect costs.

Table 1: Estimated average costs to be recovered from dam owners, \$ 2023-24

Consequence rating	Direct costs by consequence	Direct costs by dam only	Indirect costs	Total average cost per dam
<b>Extreme</b>	6,539	3,925	4,565	15,029
<b>High</b>	4,757	3,925	3,787	12,469
<b>Significant</b>	3,387	3,925	3,190	10,502
<b>Low</b>	1,414	3,925	2,329	7,669

Source: FTI Consulting estimates based on 2023-24 expenditure and assumptions provided by Dams Safety NSW.

## Future assessments of Dams Safety NSW's recovery of efficient expenditure

Over the next three to four years:

- Dams Safety NSW's total cost of regulating declared dams is unlikely to change significantly.
- The number of declared dams is expected to remain relatively steady.
- Dams Safety NSW's regulatory approach is likely to mature further and be better informed once all dam owners have completed their first-round risk reports.
- The amount of effort that Dams Safety NSW devotes to certain regulatory activities (such as educate and inform) may also change in favour of auditing compliance and responding to non-compliance in response to better information from declared dam owners.

We have made three recommendations to strengthen future reviews of the efficiency of Dams Safety NSW's expenditure as follows:

- **Record keeping:** Dams Safety NSW should develop a better understanding of the actual costs incurred in undertaking its regulatory activities. This will provide more reliable information about the true costs of its activities to both inform future assessments of the expenditure to be recovered through a levy and to enable Dams Safety NSW to identify opportunities to improve its efficiency.



- **Review Dams Safety NSW efficiency:** Dams Safety NSW should review its resourcing and identify whether there is potential to deliver its regulatory obligations more efficiently, particularly as the risks of declared dams are better understood.
- **Further review of expenditure efficiency:** IPART should consider a further review of the efficient level of Dams Safety NSW's expenditure related to declared dams in 2027-28. Such a review would be timely to allow Dams Safety NSW to consider how it targets its activities to apply a risk-based approach once all declared dam owners have completed their first round risk reports.

## 1. Introduction

### 1.1. Purpose of this report

Dams Safety NSW is an independent regulator responsible for ensuring that dam owners manage the safety of declared dams in NSW. It was established on 1 November 2019 under the *Dams Safety Act 2015* (the Act) and seeks to apply an outcomes-focused and risk-based regulatory approach. As it is a new regulatory authority,<sup>1</sup> it is continuing to improve its understanding of the risks faced by declared dams and to mature its regulatory approach.

The NSW Government currently funds Dams Safety NSW through general government revenue. However, section 41 of the *Dams Safety Act 2015* allows the costs of administering the Act to be recovered through a levy applied to the owners of declared dams to the extent that it relates to declared dams.

The NSW Premier has asked the Independent Pricing and Regulatory Tribunal (IPART) to review the efficient costs of Dams Safety NSW and design a levy to recover these costs from owners of declared dams.

IPART has engaged FTI Consulting to:

- investigate and report on the efficient costs of Dams Safety NSW carrying out its functions under the *Dams Safety Act 2015*
- recommend information that Dams Safety NSW should collect to inform future assessments of the efficiency of the cost of Dams Safety NSW carrying out its functions under the Act.

IPART will use the results of this analysis of efficient costs to inform its own further work to recommend the methodology for recovering the efficient cost from individual dam owners, and for determining a levy, and the quantum of the levy, to be assigned to individual dam owners.

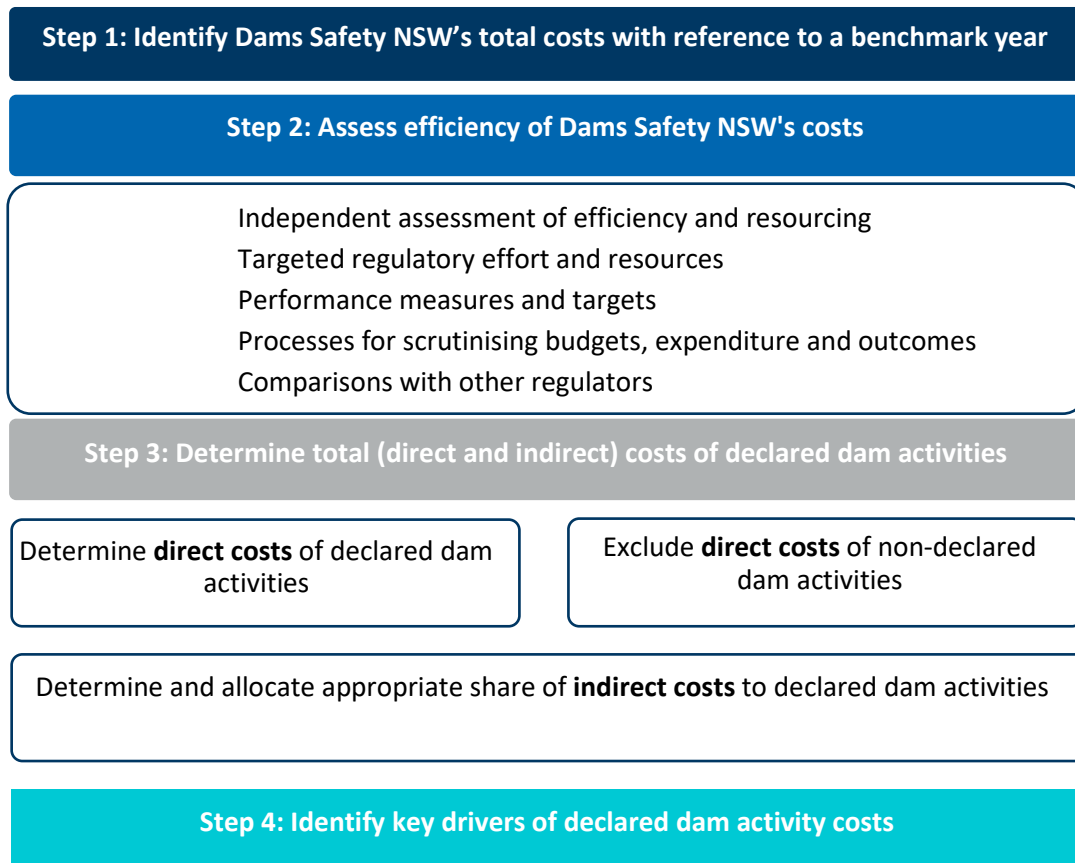
### 1.2. Approach to verifying the efficiency of costs

The levy can only recover costs incurred by Dams Safety NSW in administering the Act to the extent that they relate to declared dams.

Figure 1 summarises our overall approach to identifying Dams Safety NSW's efficient costs related to declared dams.

<sup>1</sup> Prior to Dams Safety NSW being established, the Dams Safety Committee was responsible for administering dam safety regulation in NSW.

Figure 1: Approach to identifying Dams Safety NSW's efficient expenditure related to declared dam activities



We have used the current 2023-24 financial year, and considered whether these costs are likely to provide a good representation of Dams Safety NSW's average annual costs of undertaking its activities related to declared dams. To determine the total efficient costs associated with declared dam activities we have:

- excluded the costs associated with activities that do not relate to the regulation of declared dams
- identified the direct costs associated with activities that relate to regulation of declared dams, and allocated a share of indirect costs
- sought to understand whether the costs of regulating declared dams are likely to vary for different dams.

While Dams Safety NSW has a system for recording staff time, it does not currently record the time its staff spend on each of the activities related to declared dams. However, its

organisational structure, job titles and descriptions provide an indication of the key roles and responsibilities of each role.

As a result, we adopted a top-down approach to determining a reasonable allocation of costs to Dams Safety NSW's activities. To enable this, we provided Dams Safety NSW with a template to provide the necessary cost data to support our analysis in this report. The template required Dams Safety NSW to apportion the percentage of time that each staff member devoted to the identified activities, and the external expenditure associated with those activities.

We have identified whether the direct costs related to certain activities vary (and if so the difference in attributable expenditure) according to:

- consequence ratings – where the effort required to undertake certain activities such as monitoring compliance, auditing compliance and responding to non-compliance varies for Extreme, High, Significant or Low consequence rated dams
- number of dams owned by individual dam owners – where the effort required to undertake certain activities may be lower because there are efficiencies in monitoring and auditing compliance for dam owners to have operate the same dam safety management systems.

We have further tested the preliminary results derived through the top-down approach by undertaking a bottom-up analysis of the effort required by staff in relation to higher consequence dams for five activities that we have identified as varying with consequence rating.

We have identified a range of indirect costs and apportioned these on the basis of the relative proportion of direct costs for declared dams and non-declared dam activities.

### 1.3. Engagement with Dams Safety NSW

FTI Consulting has engaged regularly with Dams Safety NSW throughout the preparation of this analysis and report. Our engagement has included information gathering and regular meetings, and a presentation of the preliminary analysis and advice to IPART on the efficient level of expenditure to be recovered through the levy.

Dams Safety NSW responded promptly to all FTI Consulting requests for information to support its analysis of expenditure and has actively participated in workshops and discussions to inform the analysis and test preliminary results. IPART has attended many of our meetings with Dams Safety NSW.

We provided Dams Safety NSW with an opportunity to comment on the factual accuracy of this report and have made minor amendments to reflect the comments provided.

## 1.4. Structure of this report

This report is structured as follows:

- Section 2 presents relevant background information in relation to Dams Safety NSW, declared dams in NSW and a previous 2020 assessment of the expenditure to be recovered through a levy.
- Section 3 explains why we have used the 2023-24 financial year as the basis for assessing Dams Safety NSW's total expenditure, the activities that we have excluded from our estimates of the total expenditure in relation to declared dams and why we think this level of expenditure is likely to be efficient.
- Section 4 identifies the activities related to declared dams, the direct costs associated with those activities, the extent to which they vary for different dams, and the indirect costs that need to be allocated to those activities.
- Section 5 sets out our recommendations to inform future assessments of the efficiency of its expenditure in carrying out its functions under the Act.

Appendix A sets out the definition of cost categories used in this report.

## 2. Relevant background

### 2.1. Dams Safety NSW's objectives and functions

Dams Safety NSW declares dams that have a potential to threaten life or cause major infrastructure, environmental, health or social damage. Once a dam is declared, the dam owner must comply with the requirements of the Act and the Dams Safety Regulation 2019 (the Regulation).

Under the Act, Dams Safety NSW's objectives are to:

- ensure that any risks that may arise in relation to dams (including any risks to public safety and to environmental and economic assets) are of a level that is acceptable to the community
- promote transparency in regulating dams safety
- encourage proper and efficient management in matters relating to dams safety
- encourage the application of risk management and the principles of cost benefit analysis in relation to dams safety.

Dams Safety NSW's role includes:

- declaring new dams and revoking dam declaration, for example, when dams are decommissioned)
- auditing declared dam owners' policies, processes and procedures to check compliance with regulatory requirements
- providing guidance to declared dam owners on how to comply with regulatory requirements and Dams Safety NSW's standards
- monitoring and enforcing compliance with regulatory requirements including by issuing directions and applying penalties where required.

Section 9 of the Act specifies Dams Safety NSW's functions to:

- a. provide advice or make recommendations to the Minister on the types and classes of dams that may be the subject of regulations
- b. provide advice or make recommendations to the Minister on the development, implementation and modification of the dams safety standards
- c. keep the owners of declared dams and the public informed about the dams safety standards and to regulate compliance with those standards

- d. audit compliance by the owners of declared dams with operations and maintenance plans and emergency plans
- e. provide guidance to owners of declared dams in complying with the requirements of this Act relating to the safety, operation and maintenance of dams (including guidance in applying total risk management and the principles of cost benefit analysis for that purpose)
- f. formulate measures (including the development of guidelines) to ensure the safety of dams
- g. collect information, carry out research and keep records on matters relating to dams safety
- h. enter into arrangements with any person or body with respect to the conduct of any study or research that may be necessary or desirable
- i. make other reports or recommendations to the Minister or any other person in relation to the safety of dams.

These functions are reflected in the activities that Dams Safety NSW undertakes in administering the Act in relation to declared dams.

## 2.2. Dams Safety NSW's maturity and regulatory approach

Dams Safety NSW is a new independent regulator established in 2019 under legislation which promotes an outcomes-focused and risk-based approach. To date, Dams Safety NSW has focused on developing guidance in relation to how it will enforce the legislation and regulation governing dam safety, and improving the evidence base around the risks faced by declared dams.

Dams Safety NSW's 2022 Regulatory Policy outlines how it will administer the legislation, in line with an outcomes-focused and risk-based regulatory approach applied by:

- prioritising reports and incidents for audit or investigation, based on potential consequence
- monitoring higher risk dams
- responding to non-compliance
- classifying audit non-compliances.

A key factor impacting Dams Safety NSW current regulatory approach is that not all declared dam owners have undertaken their initial five yearly risk reports, and these are now not all expected to be completed until 2027-28. As a result, Dams Safety NSW currently can only target some of its regulatory activities based on dam consequence

ratings rather than on assessments of the effectiveness of existing dam safety controls and hence the likelihood of risks materialising.

As further discussed in section 3.3.1, Dams Safety NSW's most recent regulatory maturity assessment indicated that it is continuing to mature as an effective regulator – it has progressed from the establishment and growth phase and is now in the growth and consolidation phase and well placed to achieve future steady-state and performance phase.<sup>2</sup>

Going forward, Dams Safety NSW's regulatory effort is likely to change as all declared dam owners improve their understanding of the framework and complete their five-yearly risk reports. Once the initial five-yearly risk reports are received Dams Safety NSW expects to be able to better target its regulatory strategy, approach and efforts – for example, moving to more risk-based compliance and enforcement.

Dams Safety NSW is also exploring opportunities to assess and better target its regulatory efforts to the capability of declared dam owners, but it is too early to use this as a basis for allocating costs to activities.

### 2.3. Dams Safety NSW's organisational structure

Around 85 per cent of Dams Safety NSW's expenditure relates to staff salaries and on-costs and Board remuneration:

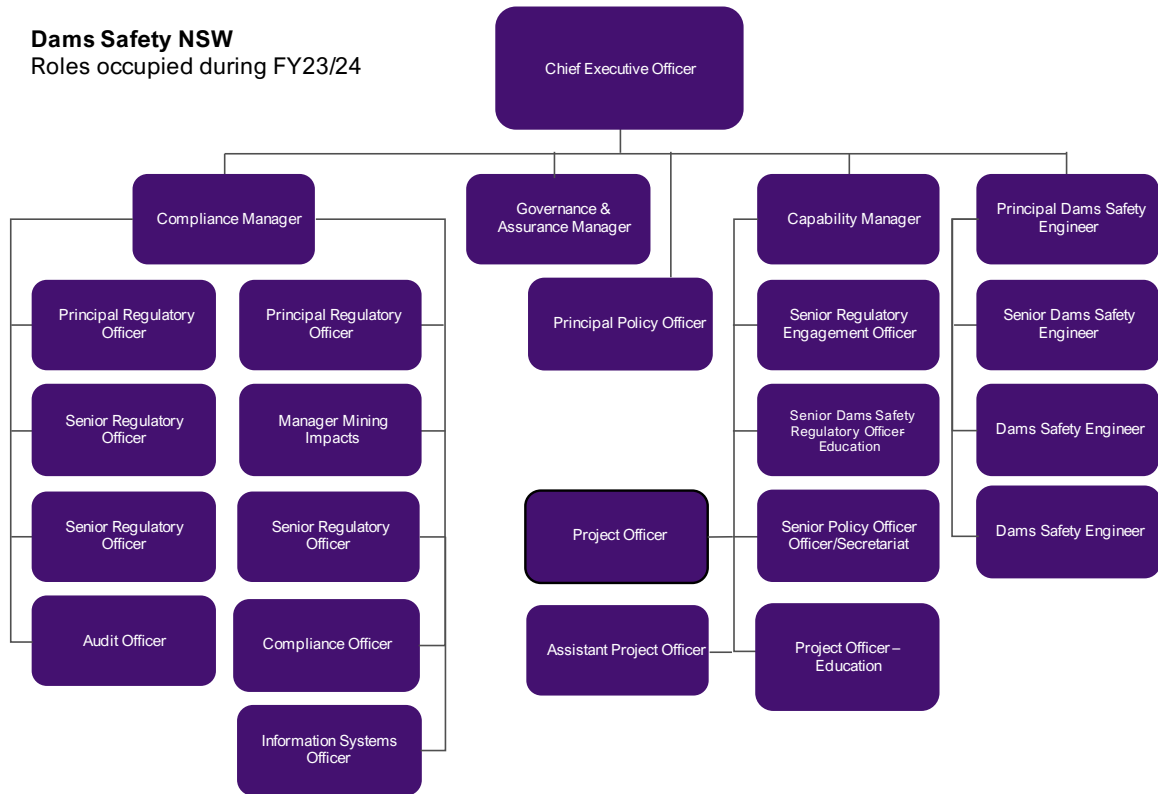
- Dams Safety NSW comprises five appointed Board members, as required by legislation.
- The Chief Executive Officer (CEO) is responsible for managing Dams Safety NSW's day-to-day operations.
- Dams Safety NSW is supported by 24 staff employed by the Department of Climate Change, Energy, the Environment and Water to carry out the agency's functions.

Figure 2 provides an overview of Dams Safety NSW's current organisational structure that applied for most of 2023-24.

<sup>2</sup> Source: RECAP Consultants, Dams Safety New South Wales Regulatory Maturity Assessment 2023: Independent Assessment Report, 26 May 2023.



Figure 2: Dams Safety NSW organisational structure



Source: Provided by Dams Safety NSW, 24 June 2024.

## 2.4. Profile of regulated dams

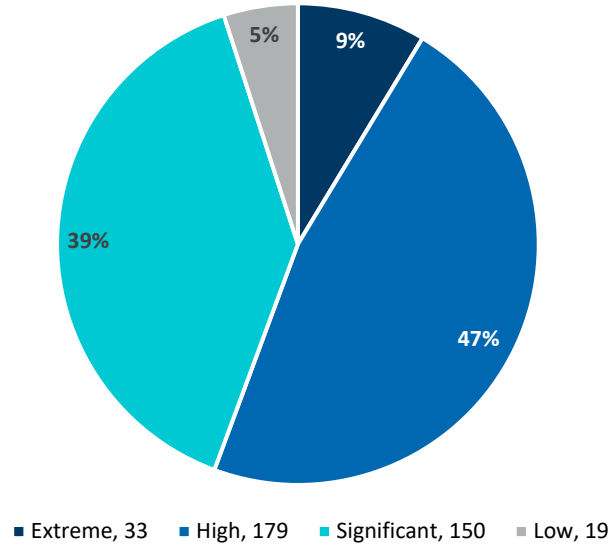
As at June 2024, Dams Safety NSW was responsible for regulating 381 dams across the State. This is comparable with 380 declared dams in 2022-23.<sup>3</sup> In 2023-24, Dams Safety NSW declared two dams and revoked declaration for one dam.<sup>4</sup> The number of declared dams has ranged between 380 and 400 over the last few years.

Dams are classified as either Extreme, High, Significant or Low consequence. Figure 3 shows that the vast majority of declared dams are categorised as either High or Significant.

<sup>3</sup> Dams Safety NSW, Annual Report, October 2023, p.12

<sup>4</sup> As advised by Dams Safety NSW. As at end June 2024, a further eight applications for declaration or revocation were pending assessment and decision.

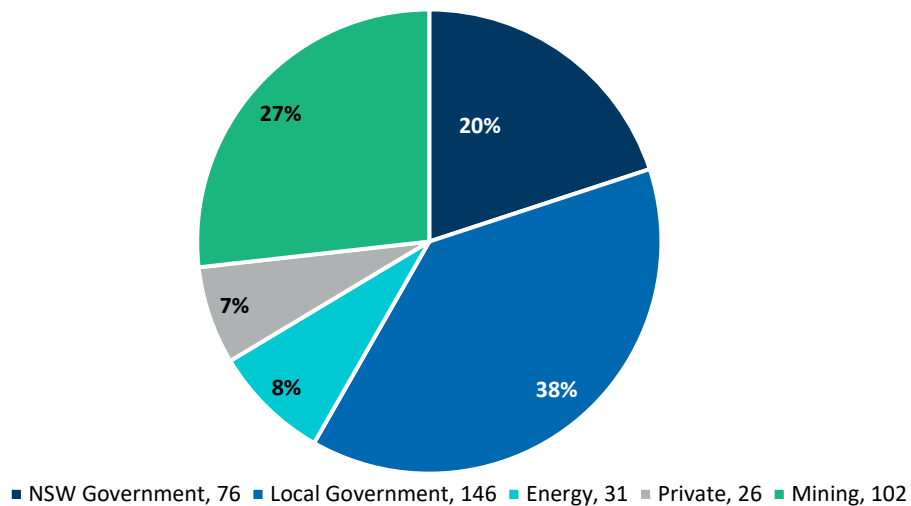
Figure 3: Declared dams by consequence rating



Source: FTI Consulting analysis based on declared dams data provided by Dams Safety NSW as at June 2024.

Declared dams are owned by 155 different owners and include several different categories of owners including NSW government entities, local government, mining companies, energy companies, and private dam owners. Figure 4 shows that local government own 38 per cent (or 146) of all declared dams.

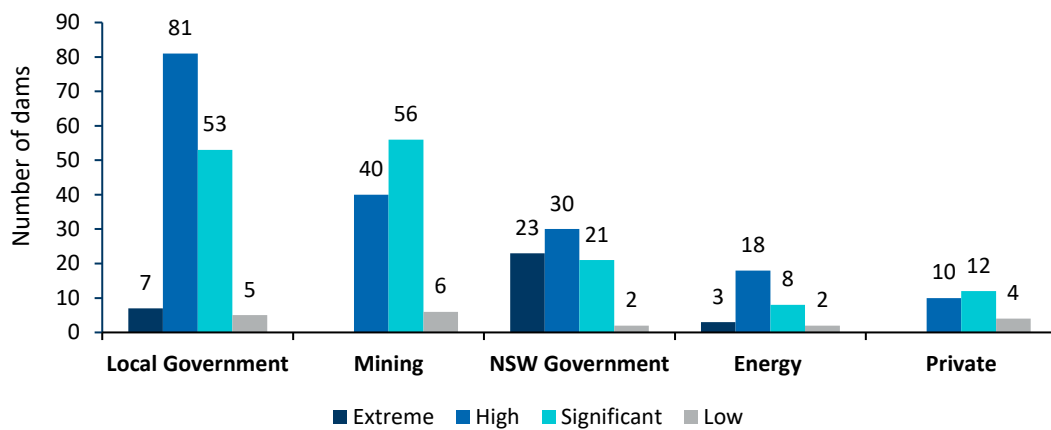
Figure 4: Declared dam ownership by the number of dams



Source: FTI Consulting analysis based on declared dams data provided by Dams Safety NSW as at June 2024.

Figure 5 provides a breakdown of the consequence ratings of declared dams by ownership sector. It shows that NSW Government entities and local government own most of extreme consequence rated dams. Local government own the largest proportion of the high consequence rated declared dams. By comparison, most private declared dam owners own one dam each, and they do not own extreme consequence rated dams.

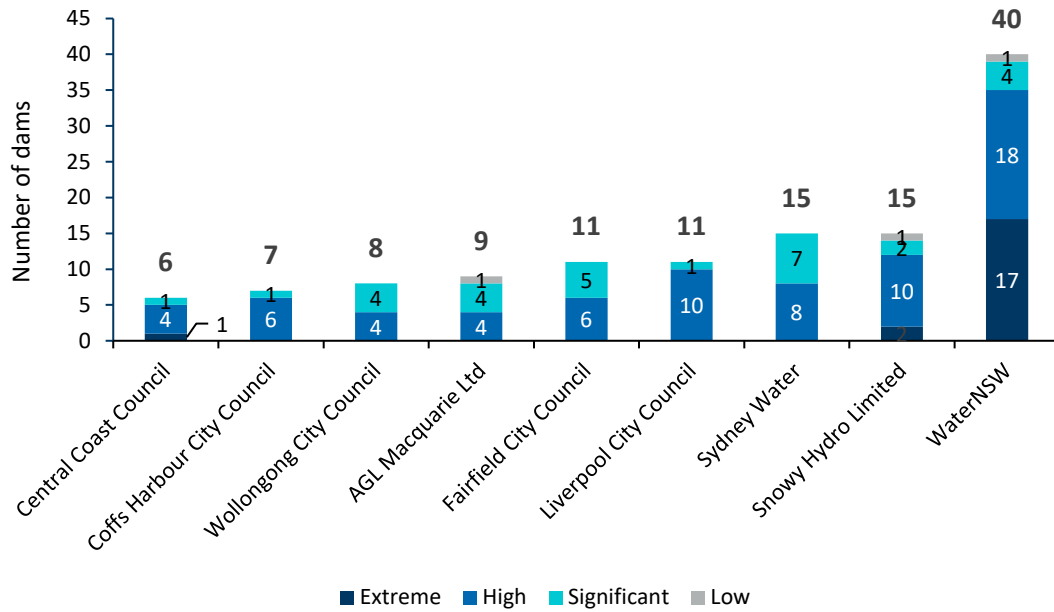
Figure 5: Declared dam ownership by consequence rating



Source: FTI Consulting analysis based on declared dams data provided by Dams Safety NSW as at June 2024.

More than half of all dam owners own only one dam. However, it is not unusual for dam owners to own multiple dams. Figure 6 shows the provides details of the owners of six or more dams as well as the consequence ratings of the dams they own. For example, WaterNSW owns a total of 40 dams, most of which are high or extreme consequence rated dams.

Figure 6: Owners of six or more declared dams



Source: FTI Consulting analysis based on declared dams data provided by Dams Safety NSW as at June 2024.

### 2.5. Previous estimates of dams safety levy

In 2020, Dams Safety NSW engaged the Centre for International Economics (CIE) to develop a funding model to recover costs associated with regulating declared dams. It identified total expenditure of \$4.6 million per year. This includes salaries and overheads related to 22.5 full-time equivalent (FTE) and five board members.

CIE recommended a funding model comprising:

- an annual levy to recover the costs associated with periodic compliance audits, review of reports submitted by dam owners, education, dealing with non-compliance, development of policies relating to the implementation of the regulatory framework, and program and systems management
- a fee-for-service charged to applicants or government funding to recover the costs associated with declaring new dams and considering mining consent applications.<sup>5</sup>

Table 2 sets out the CIE recommended annual levies to apply from 1 July 2021.

<sup>5</sup> Dams Safety NSW advised that it has received legal advice that its costs can only be recovered through a levy, and not a fee for service.

Table 2: CIE recommended annual levies to apply from 1 July 2021, \$ 2021-22

Consequence rating	First dam	Subsequent dam
<b>Extreme</b>	16,923	11,846
<b>High</b>	14,992	10,494
<b>Significant</b>	9,094	6,366
<b>Low</b>	5,048	3,534

Source: Centre for International Economics 2020, *Proposed funding model for Dams Safety NSW, Final Report*, October, p.3.

The proposed annual levies:

- varied by consequence rating, reflecting that dams with higher consequence ratings were expected to require more staff time than dams with lower consequence ratings
- allowed owners of multiple dams to pay 30 per cent less for subsequent dams, reflecting estimated cost savings identified at that time.

Dams Safety NSW did not proceed to implement this new levy from 1 July 2021.

### 3. Efficient level of total expenditure

We have been asked to investigate and report on the efficient costs of Dams Safety NSW carrying out its functions under the *Dams Safety Act 2015*.

This section explains why we have used the 2023-24 financial year as the basis for assessing Dams Safety NSW's total costs, how we have adjusted its total costs to reflect only the costs associated with Dams Safety NSW carrying out its functions under the Act in relation to declared dams and why we think this level of total expenditure is likely to be efficient.

#### 3.1. Total expenditure trends

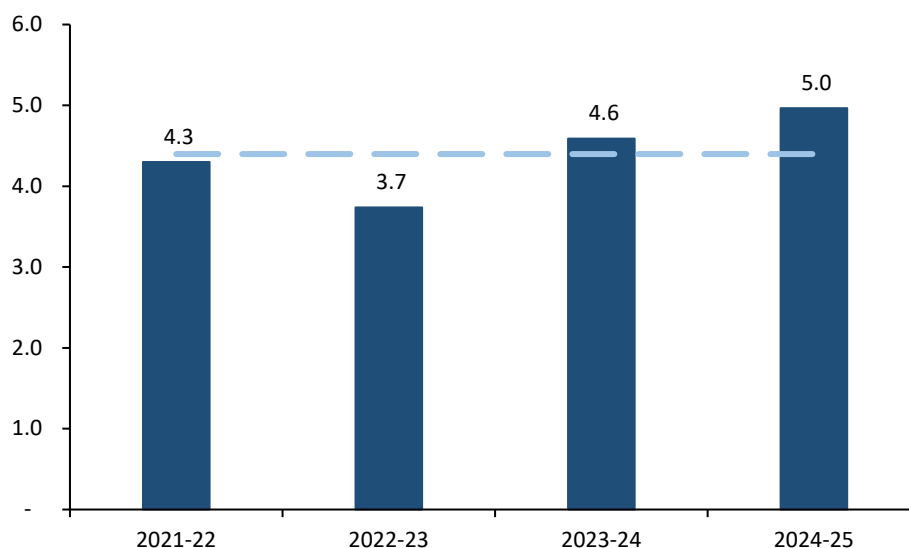
In 2023-24, Dams Safety NSW's total costs are expected to be \$4.6 million. This includes all costs including for both declared dam and other non-declared dam activities.

We have used Dams Safety NSW's 2023-24 costs as the base to identify the efficient expenditure associated with administering the Act for declared dams because:

- this is the most up to date actual cost data comprising 10 months of actual costs and two months of forecast costs
- forecasts for May-June 2024 are expected to be reliable given most costs are fixed (for example, 85 per cent salaries, office rent, Board costs)
- 2023-24 costs are broadly consistent with average total costs which have ranged from \$3.7 million in 2022-23 to a forecast \$5.0 million in 2024-25 (average \$4.4 million).

Figure 7 sets out Dams Safety NSW's total costs over a four-year period including forecasts for 2024-25.

Figure 7: Trends on Dams Safety NSW total operating expenditure, \$ millions



Note: Includes forecasts for May-June 2024 and 2024-25. All figures are expressed in nominal dollars.

Source: Dams Safety NSW Annual Report - 2022-23, p.53 (for 2021-22 and 2022-23 financial year data, Data for other financial years provided by Dams Safety, 5 June 2024 (for 2022-23) and 1 May 2024 (for 2023-24).

### 3.2. Total expenditure related to declared dams

Section 41 of the Act provides for declared dam owners to pay a levy to meet the costs incurred in administering the Act to the extent that it related to declared dams. As a result, it is necessary to exclude the costs associated with activities that do not relate to or clearly benefit declared dams.

We have identified two activities which we do not consider are related to declared dams as follows:

- Providing advice to Minister** – while the Act includes functions to provide advice or make recommendations to the Minister on the types and classes of dams that may be the subject of regulations and on the development, implementation and modification of dam safety standards. The Act also specifies that Dams Safety NSW may make other reports or recommendations to the Minister or any other person in relation to the safety of dams. The cost of this advice to the Minister is likely to vary from year to year depending on requests. In 2023-24, we have estimated the costs of these functions to be \$25,565 (including an allocation of indirect costs).

- **Assessing mining consent applications** – Under the *Mining Act 1992*, Dams Safety NSW is required to be consulted as a consent authority for any applications made for development consent to carry out mining operations in a notification area. This involves considering information provided by the applicant and assessing the risk to dams of the proposed development. In 2023-24, we have estimated the costs of these functions to be \$115,545 (including an allocation of indirect costs).

In total, these two activities total \$0.14 million. After excluding these costs, Dams Safety NSW's total expenditure to administer the Dams Safety Act in relation to declared dams is \$4.45 million.

### 3.3. Efficiency of expenditure

Our review of Dams Safety NSW's expenditure is required to investigate and report on the 'efficient costs' of carrying out its functions.

Economic efficiency is a concept of how well an organisation is performing. There are various aspects of economic efficiency. An organisation may be considered efficient if it can demonstrate that it produces a given level of output at the lowest unit of cost. An organisation may also be considered efficient if it is able to increase the delivery of output with a given level of resources.

We have considered both of these definitions in assessing whether Dams Safety NSW's revealed expenditure is efficient having regard to:

- any independent reviews of its effectiveness and efficiency, including its resourcing and the potential for efficiency gains
- targeted its regulatory effort and resources to areas of highest value in line with a risk-based approach
- developed performance measures and targets to track and measure its ongoing effectiveness and efficiency
- independent scrutiny of budget, actual expenditure and performance.

We have also compared Dams Safety NSW's existing resources and total costs to administer the Act related to declared dams with other jurisdictional regulators.

Overall, we consider that Dams Safety NSW's 2023-24 costs are likely to represent the efficient costs because:

- it currently prioritises resources towards higher consequence rated dams, including for audits and respond to non-compliance



- it publicly reports annually on its operational activities and has identified key performance targets to assess its effectiveness
- the Board and NSW Treasury scrutinise proposed budgets, and the Board regularly scrutinises expenditure and performance.

While meaningful comparisons with other dam regulators is difficult as roles, activities and resourcing vary significantly, Dams Safety NSW's resources and costs are comparable to those of the Queensland dam safety regulator.

### 3.3.1. Independent assessment of efficiency and resourcing

Dams Safety NSW has advised that it is yet to undertake a detailed review of its effectiveness and efficiency, including whether its resourcing levels and use are appropriate for a regulator with its legislative responsibilities and dam profile.

However, Dams Safety NSW has:

- assessed the grading and salaries for each of the jobs within its organisational structure
- conducted regular assessments of its regulatory maturity.

Since it was established, each of Dams Safety NSW's job descriptions and salaries for positions noted in its organisational structure have been assessed in line with the NSW Capability Framework. The NSW Capability Framework enables role descriptions to be assessed against generic role descriptions which equate to defined grades and salary bands within the public sector. As more than 80 per cent of Dams Safety NSW's expenditure is associated with cost of remunerating staff, this assessment provides some level of assurance that roles within Dams Safety NSW are consistent in value terms within similar roles in other public sector agencies. It does not however provide assurance regarding whether those resources are required and/or effectively targeted.

Dams Safety NSW has conducted regulatory maturity assessments in 2020 and 2023 using the Australasian Environmental Law Enforcement and Regulators Network (AELERT) Modern Regulatory Improvement Tool (MRIT).

The 2023 assessment concluded that Dams Safety NSW continues to make very good progress in advancing its level of regulatory maturity:

- it has advanced in eight of the 12 assessment tool attributes and maintained its position in four attributes
- it has progressed from the establishment and growth phase, and is now in the growth and consolidation phase

- it is well placed to achieve future steady-state and performance phase.<sup>6</sup>

Table 3 summarises Dams Safety NSW's regulatory maturity assessment results in 2023 compared to 2020.

Table 3: Dams Safety NSW regulatory maturity assessment

MRIT Quadrant	MRIT Attribute	Maturity level 2020	Δ from 2020	Maturity level 2023 (Moderation/Verification)
Leadership and culture	Culture and leadership focus	Maturing	→	Maturing
	Regulatory philosophy and approach	Maturing	→	Maturing
	Stakeholder and community engagement	Maturing	→	Maturing
Vision, role and strategy	Corporate plan and contribution	Developing/Maturing	↑	Maturing/Well Established
	Risk based compliance planning	Developing	↑	Developing/Maturing
	Problem solving approach	Absent/Emerging	↑	Developing
Capability and improvement	Training and procedures	Absent/Emerging	↑	Developing/Maturing
	Quality assurance and review functions	Emerging	↑	Developing
	Work and learn from regulator and partners	Emerging/Developing	↑	Developing
Governance and delivery	Activity and visibility	Developing	→	Developing
	Performance reporting	Developing	↑	Developing/Maturing
	Governance and oversight	Developing	↑	Maturing
Key: ↑ = improved → = no change ↓ = decline				

Source: RECAP Consultants, *Dams Safety New South Wales Regulatory Maturity Assessment 2023: Independent Assessment Report*, 26 May 2023, p.7.

While there are positive signs that Dams Safety NSW's regulatory approach is maturing, it should review its resourcing and identify whether there is potential to deliver its regulatory obligations more efficiently, particularly as it develops a better understanding of the risks of declared dams.

### 3.3.2. Targeting regulatory effort and resources to areas of highest value

Dams Safety NSW's 2022 Regulatory Policy applies an outcomes-focused and risk-based regulatory approach which prioritises resources related to certain activities towards dams with higher consequence ratings. In particular, Dams Safety NSW:

<sup>6</sup> RECAP Consultants, *Dams Safety New South Wales Regulatory Maturity Assessment 2023: Independent Assessment Report*, 26 May 2023, p.4.

- has developed an audit schedule based on current information regarding the consequence ratings of dams.<sup>7</sup> It plans to undertake audits of extreme and high consequence dams every two years, with less frequent audits planned for significant (every three years) and low (every four years).
- employs a graduated, proportionate, and responsive approach if a declared dam owner does not comply with a legislative requirement or does not comply with a direction. This reflects the severity of the non-compliance (its potential harm to people, environmental and economic assets), the declared dam owner's culpability, cooperation and approach to the non-compliance, and the public interest.<sup>8</sup>

The effort ratio that Dams Safety NSW has identified in relation to these activities reflects these audit planning assumptions and graduated effort used to respond to non-compliance (as outlined in section 4.1).

### 3.3.3. Performance measures and targets to track effectiveness

Key performance measures demonstrate how the resources used within the organisation have contributed to achieving regulatory outcomes.

Dams Safety NSW's Strategic Plan 2022-27 identifies key performance targets.

<sup>7</sup> Dams Safety NSW 2022, Regulatory Policy, November, p.16.

<sup>8</sup> Dams Safety NSW 2022, Regulatory Policy, November, p.19.

Figure 8: Dams Safety NSW’s Key Performance Targets, 2022-27



Source: Dams Safety NSW Strategic Plan 2022-27.

Dams Safety NSW's 2022-23 Annual Report publishes operational statistics and details regarding its activities. Dams Safety NSW currently reports its performance against the key performance targets identified in its Strategic Plan to the Board and expects to report its performance publicly through its Annual Report going forward.

### 3.3.4. Board scrutiny of budget, expenditure and outcomes

Dams Safety NSW comprises six members: five independent members appointed by the Minister on a part-time basis and the Chief Executive Officer (CEO). The Board meets every two months. The CEO is a non-voting member of the Board.

Both the Board and NSW Treasury scrutinise proposed budgets, and the Board regularly scrutinises actual spend against budget. This provides some confidence that budget, expenditure and performance are being reviewed independently and efficiency questioned where appropriate.

Dams Safety NSW provided us with examples of its reporting to the Board in relation to performance against its strategic key performance indicators (KPIs). Dams Safety NSW expects to publicly report on the achievement of its KPI targets in future.

### 3.3.5. Comparison with other jurisdictional regulators

We have compared Dams Safety NSW's existing resources and total costs to administer the Act related to declared dams with other jurisdictional regulators.

It is difficult to make meaningful comparisons with other dam regulators. This is because the nature of the regulatory regime, including the scope and form of existing dam safety regulators' activities vary significantly across the country. In particular:

- not all jurisdictions in Australia have established dam safety regulators. In particular, Western Australia, South Australia and the Northern Territory operate a self-regulatory regime and do not have established regulators.
- there is little published information about the resources and costs of other dam safety regulators in Queensland, Victoria and Tasmania as they are not established as independent regulators, and hence operate within relevant government departments. We have drawn on information gathered as part of discussions with contact officers in relevant jurisdictions.
- there is no published information available regarding the effectiveness and efficiency of other regulators to enable appropriate comparisons.

The information gathered reveals that Dams Safety NSW's activities, resources and costs are most comparable to those in Queensland. The Queensland Department of Regional undertakes a similar range of regulatory functions with 20 FTE staff and a budget of around \$5 million.

We spoke also with the NSW Natural Resources Access Regulator (NRAR) to gather further insights that may be relevant to consider whether Dams Safety NSW is operating in line with other regulators operating in NSW. NRAR was established in 2018 to enforce the water laws in NSW. This is a larger scale independent regulator with almost 200 staff and a budget of more than \$30 million. NRAR emphasised the importance of having a strong focus on education as a means of encouraging compliance. It also uses technology to detect compliance breaches and actively undertakes enforcement action to deter further breaches of the law. It seeks to be transparent about its activities by regularly publishing data on its website to show how it uses its resources.

The NRAR emphasis on education and information is consistent with Dams Safety NSW's significant focus of resources on educate and inform activities, which accounts for almost \$1 million (or 20 per cent) of Dams Safety NSW's total costs (excluding its share of indirect costs) (see Section 4.1, Table 5).

Figure 9: Comparison of NSW and Queensland dam safety regulatory functions, activities and resources

	Queensland	New South Wales
<b>Regulator</b>	Department of Regional Development, Manufacturing and Water	Dams Safety NSW
<b>Legislation</b>	<i>Water Supply (Safety and Reliability) Act 2008</i>	<i>Dams Safety Act 2015</i> Dams Safety Regulation 2019
<b>Functions and activities</b>	Publish guidance Review/approve failure impact assessments Issue dam notices Review/approve emergency action plans Review emergency incident reports Review technical reports Audit compliance Apply safety conditions Monitor technical elements of dam construction (significant) Approve emergency response plans	Develop regulatory guidance Declare and revoke dam declarations Declare mining notification areas Review five yearly risk reports Review annual safety reports Monitor dams above safety threshold Educate and inform Audit compliance Respond to incidents and non-compliance
<b>Number of regulated dams</b>	114 dams	381 dams
<b>Profile of dam owners</b>	SeqWater and Sun Water (50) Local government (30-34) Other government corporations (10) Private owned (20)	Local government (146) Mining (102) NSW Government (76) Energy (31) Private owned (23)
<b>Staff resourcing</b>	20 FTE	24 FTE
<b>Budget</b>	Approx. \$5 million	\$4.45 million

Source: Discussion with Queensland *Department of Regional Development, Manufacturing and Water*, May 2024.

We spoke also with the NSW Natural Resources Access Regulator (NRAR) to gather further insights that may be relevant to consider whether Dams Safety NSW is operating in line with other regulators operating in NSW. NRAR was established in 2018 to enforce the water laws in NSW. This is a larger scale independent regulator with almost 200 staff and a budget of more than \$30 million. NRAR emphasised the importance of having a strong focus on education as a means of encouraging compliance. It also uses technology to detect

compliance breaches and actively undertakes enforcement action to deter further breaches of the law. It seeks to be transparent about its activities by regularly publishing data on its website to show how it uses its resources.

## 4. Expenditure related to declared dam activities

In order to identify the efficient costs of Dams Safety NSW carrying out its functions under the Act, we need to identify both the direct and indirect costs associated with activities that it undertakes to administer the Act in relation to declared dams.

This section identifies the cost of activities that we have identified as being directly related to declared dams, the key cost drivers and the indirect costs to be allocated to those activities. This information will be important for IPART to determine an appropriate methodology to determine the costs to be allocated to declared dam owners through a levy.

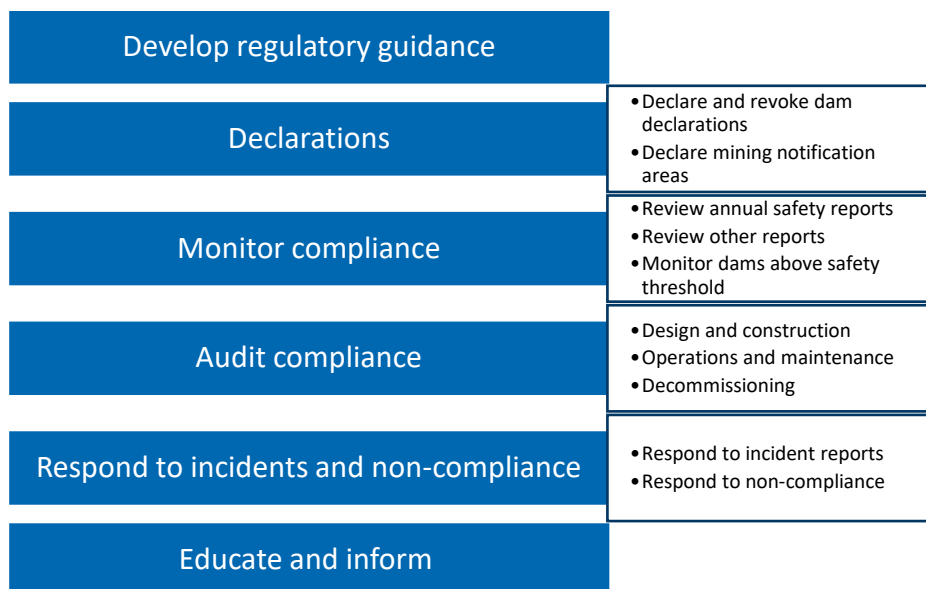
### 4.1. Direct costs

Dams Safety NSW's existing time recording system does not currently record how much time its staff spend on each of its activities related to declared dams. As a result, it has been necessary for us to adopt an approach that draws on Dams Safety NSW's best estimate of how costs (including staff time) are incurred by activity. We consider that this is the best possible approach in the absence of more detailed actual costs.

In consultation with Dams Safety NSW, we have identified 12 separate activities that Dams Safety NSW undertakes to administer the Act in relation to declared dams as outlined in Figure 9. These activities are consistent with information included in Dams Safety NSW's Regulatory Policy, and include the following:



Figure 9: Activities related to declared dams



To identify the costs associated with these activities, we have adopted a combination top down/bottom-up approach. This involved asking Dams Safety NSW to complete a template allocating the percentage of time that it considers each of its 24 staff dedicate to the 12 identified activities (and to Corporate Support).

We have considered whether Dams Safety NSW’s resource effort related to these activities is likely to differ across the dams that it regulates. In consultation with Dams Safety NSW, we have identified that the main factor that is likely to impact the allocation of effort is the consequence rating of dams. This impacts on five of the activities identified. The resource effort related to the other seven activities does not vary per dam.

In 2020, the CIE report assumed that the costs of regulating subsequent dams owned by the same owner is likely to be 30 per cent lower.<sup>9</sup> This may have been an appropriate assumption reflecting Dams Safety NSW’s activities at that time. However, based on our engagement with Dams Safety NSW, we do not consider that there is sufficient evidence that its costs vary significantly according to whether dam owners own multiple dams.

For each of the five activities that Dams Safety NSW says vary for dams of different consequence, we conducted a more detailed bottom-up analysis identifying the ratio of staff time required to regulate dams of varying consequence.

<sup>9</sup> Centre for International Economics 2020, Proposed funding model for Dams Safety NSW, Final Report, October, p.23.

Table 4 sets out the ratios derived through this process. It shows that Dams Safety NSW requires three to seven times to undertake some activities for extreme consequence dams compared to low consequence dams. In part this reflects the fact that Dams Safety NSW audits extreme consequence rated dams more frequently.

Table 4: Ratios of effort for activities by dam consequence rating

Attributable to dam consequence categories							
Consequence rating	Dams (n=381)	Respond to non-compliance	Audit compliance - design and construct	Audit compliance - operations and maintenance	Audit compliance - decommissioning	Monitor compliance - review other reports	Weighted average
Extreme	33	5.0	3.0	7.0	3.0	3.0	4.6
High	179	4.0	2.0	5.0	2.0	2.0	3.4
Significant	150	4.0	1.0	3.0	1.0	1.0	2.4
Low	19	1.0	1.0	1.0	1.0	1.0	1.0

Note: Ratios are expressed relative to the effort applied to low consequence dams, that is, low consequence = 1. Weighted average has been calculated on the basis of the relative costs of each activity.

Source: FTI Consulting estimates based on 2023-24 expenditure and assumptions provided by Dams Safety NSW.

We have applied these ratios in deriving the direct costs for the five activities identified as being attributable to dam consequence categories.

In 2023-24, we estimate that Dams Safety NSW's total direct costs to administer the Act in relation to declared dams is \$3.1 million. This represents almost 70 per cent of Dams Safety NSW's total costs. Some of these direct costs vary according to dam consequence ratings, while others are attributable to all dams equally. Table 5 provides a breakdown of the key direct cost of various activities attributable either on a dam consequence rating or on a per dam basis.

Table 5: Direct costs associated with declared dam activities by cost driver

Activities attributable by consequence rating	\$	%
Respond to non-compliance	618,380	39
Audit compliance – operations and maintenance	586,900	37
Audit compliance – design and construction	11,250	7
Audit compliance - decommissioning	27,900	2
Monitor compliance – review other reports	257,650	16
<b>Total</b>	<b>1,602,080</b>	<b>100</b>

Activities attributable on per dam basis	\$	%
Educate and inform	966,350	65
Respond to incident reports	79,210	5
Monitor dams above safety threshold	78,450	5
Declare and revoke dam declarations	78,200	5
Declare mining notification areas	66,590	4
Review annual standards reports	67,370	5
Develop regulatory guidance	159,370	11
<b>Total</b>	<b>1,495,540</b>	<b>100</b>

Source: FTI Consulting estimates based on 2023-24 expenditure and assumptions provided by Dams Safety NSW.

We note that this approach draws heavily on Dams Safety NSW's own assumptions about the effort it requires to undertake various activities. As a result, changes in the assumed allocation of costs and ratio of effort between dams of varying consequence will impact on the estimated cost of various activities. However, this is unlikely to materially impact the total costs associated with regulating declared dams.

## 4.2. Indirect costs

We have identified Dams Safety NSW's indirect costs to allocate a share of those costs to its direct costs to administer the Dams Safety Act in relation to declared dams. The indirect costs include:

- Corporate support costs – comprising salaries and on-costs associated with corporate support activities
- Board costs associated with the remuneration of the five Board members
- Contractors and consultants
- IT systems build and maintenance
- Office rent
- Communications costs – including mobile phone charges, IT software and supplies
- Other costs including training and conference expenses; legal costs; laptops and mobile phones; subscriptions and professional memberships; travel and office supplies.

In 2023-24, we estimate that indirect costs account for \$1.35 million, as shown in Table 6.

Table 6: Indirect costs

Category	\$	% of indirect costs
<b>Corporate support</b>	574,847	43
<b>Board remuneration</b>	180,282	13
<b>Contractors/consultants</b>	141,124	10
<b>IT system build and maintenance</b>	140,300	10
<b>Office rent</b>	135,696	10
<b>Communication</b>	69,787	5
<b>Other indirect</b>	109,235	8
<b>Total indirect</b>	<b>1,351,271</b>	<b>100</b>

Source: FTI Consulting estimates based on 2023-24 expenditure and assumptions provided by Dams Safety NSW.

We have allocated indirect costs to total costs in the same proportion of direct costs. This results in higher consequence rated dams receiving a higher share of indirect costs compared to lower consequence rated dams. The alternative approach of allocating indirect costs on a per dam basis would result in lower rated consequence dams having a higher share of indirect costs.

On average across five activities, Dams Safety NSW says that extreme consequence dams require 4.6 times the effort relative to low consequence dams, and significant consequence dams require more than twice the effort of low consequence dams. Combining the effort required for these activities with the other seven activities where effort does not vary results in a weighted average of 2.0 times the effort for an extreme consequence dam relative to a low consequence dam. Table 7 shows the relative efforts for all direct costs across all dam consequence categories. We have used this weighted average ratio to allocate indirect costs to dam consequence categories.

Table 7: Ratios of effort for direct costs

Consequence rating	Dams (n=381)	Activities attributable by consequence rating	Activities attributable on per dam basis	Weighted average
<b>Extreme</b>	33	4.6	1.0	2.0
<b>High</b>	179	3.4	1.0	1.6
<b>Significant</b>	150	2.4	1.0	1.4
<b>Low</b>	19	1.0	1.0	1.0

Note: Weighted average has been calculated on the basis of the relative costs of each activity.

Source: FTI Consulting estimates based on assumptions provided by Dams Safety NSW.

### 4.3. Total cost of declared dam activities

In line with our analysis in previous sections, the total costs associated with declared dam activities vary according to the consequence rating of each dam, reflecting the higher effort currently required by Dams Safety NSW. This reflects the higher costs that Dams Safety NSW says it incurs in relation to audit related activities and responding to non-compliance for higher consequence dams.

Table 8 sets out the estimated total costs associated with Dams Safety NSW administering the Act in relation to declared dams.

Table 8: Total costs to be recovered from dam owners, \$ 2023-24

Consequence rating	Direct costs by consequence	Direct costs by dam only	Indirect costs	Total
Extreme	215,774	129,535	150,634	495,942
High	851,424	702,629	677,922	2,231,975
Significant	508,015	588,795	478,460	1,575,270
Low	26,868	74,581	44,255	145,703
<b>Total</b>	<b>1,602,080</b>	<b>1,495,540</b>	<b>1,351,271</b>	<b>4,448,891</b>

Source: FTI Consulting estimates based on 2023-24 expenditure and assumptions provided by Dams Safety NSW.

Table 9 sets out the estimated average cost associated with declared dams given the number of dams with each consequence rating.

Table 9: Estimated average costs to be recovered from dam owners by dam consequence, \$ 2023-24

Consequence rating	Direct costs by consequence	Direct costs by dam only	Indirect costs	Total average cost per dam
Extreme	6,539	3,925	4,565	15,029
High	4,757	3,925	3,787	12,469
Significant	3,387	3,925	3,190	10,502
Low	1,414	3,925	2,329	7,669

Source: FTI Consulting estimates based on 2023-24 expenditure and assumptions provided by Dams Safety NSW.

## 5. Future assessment of Dams Safety NSW's expenditure efficiency

The section sets out our recommendations regarding information that Dams Safety NSW should collect to inform future assessments of the efficiency of its expenditure in carrying out its functions under the Act.

### 5.1. Record keeping to facilitate more accurate assessment

Dams Safety NSW's existing time recording system does not currently record how much time its staff spend on each of its activities related to declared dams. As a result, we have had to rely on an assumptions-based approach to estimating the costs associated with various activities related to declared dams.

Dams Safety NSW should develop a better understanding of the actual costs incurred in undertaking its regulatory activities. This could be achieved either by introducing a simple time recording system or by undertaking a sample study that looks at the time taken by staff to undertake the range of regulatory activities. At a minimum, the detail should include the actual time taken by staff to undertake various activities and include further detail in relation to the costs according to different consequence rated dams. Dams Safety NSW should review the information required over time, including if it moves to a risk rated approach.

Undertaking such a study will:

- reduce reliance on assumptions and enhance the reliability and accuracy of information used to identify efficient costs associated with various activities
- enable Dams Safety NSW to identify opportunities to improve its efficiency over time.

### 5.2. Review Dams Safety NSW efficiency

Dams Safety NSW is yet to undertake a detailed assessment of the efficiency of its operations.

Comparison with other regulators is difficult because of differences in legislative frameworks and approaches.

Dams Safety NSW should review its resourcing and identify whether there is potential for delivering its regulatory obligations more efficiently, particularly as the risks of declared dams are better understood. The focus on improving efficiency should remain focused on the achievement of clear regulatory outcomes.

This should include examining opportunities to improve the targeting and efficiency of its audit and compliance activities.

### 5.3. Further review of expenditure efficiency

A further review of the efficiency of Dams Safety NSW's expenditure should be undertaken once it has reached a more stable regulatory approach. Such a review would be timely in 2027-28 to allow Dams Safety NSW to consider how it targets its activities to apply a risk-based approach once all declared dam owners have completed their first round risk reports.

In the meantime, the recommendations above will ensure that the efficient level of expenditure to be recovered through the levy can be determined more accurately and reliably in future.

## Appendix A: Definition of cost categories

### Declared dam activities

Category	Definition
<b>Develop regulatory guidance</b>	Involves developing guidelines and formulating measures to ensure the safety of dams. Resources from across Dams Safety are usually required to input to these activities including the Governance and Assurance Manager, engineering team, the Compliance team, the Capability team, the Principal Policy Officer and the CEO.
<b>Declarations</b>	Comprises two separate activities: Declare and revoke dam declarations and declare mining notification areas as follows:
<ul style="list-style-type: none"> <li>▪ <b>Declare and revoke dam declarations</b></li> </ul>	Involves assessing whether a dam's failure could cause significant harm, such as loss of life or major damage to infrastructure, the environment, health, or society, and assessing whether dam declarations can be revoked. The activity is conducted by the Dams Safety engineers and the CEO.
<ul style="list-style-type: none"> <li>▪ <b>Declare mining notification areas</b></li> </ul>	Involves declaring mining notification areas around declared dams and raising matters with consent authorities. Dams Safety engineers and the CEO carry out this activity. In 2023-24, Dams Safety NSW did not declare any new mining notification areas but did raise a number of matters with consent authorities.
<b>Monitor compliance</b>	Comprises three separate activities: Review annual safety reports, Review other reports and Monitor dams above the safety threshold as follows:
<ul style="list-style-type: none"> <li>▪ <b>Review annual safety reports</b></li> </ul>	Involves ensuring that declared dams submit their annual dam safety standards reports showing compliance levels as of the previous year. The Compliance team and the engineering team review these reports to identify any compliance issues to be addressed.
<ul style="list-style-type: none"> <li>▪ <b>Review other reports</b></li> </ul>	Reviewing various reports including consequence category assessments, safety reviews, risk reports and emergency plans including to inform audits.
<ul style="list-style-type: none"> <li>▪ <b>Monitor dams above safety threshold</b></li> </ul>	Involves reviewing a sample of risk reports that dam owners submit every five years according to a defined schedule, and monitoring actions they take to reduce risks below the safety threshold. The activity is undertaken by the engineering team and the CEO.
<b>Audit compliance</b>	Comprises audit activities across the four lifecycle stages of a dam: operations and maintenance, design and construction, and decommissioning as follows:
<ul style="list-style-type: none"> <li>▪ <b>Audit compliance – design and construction</b></li> </ul>	Involves conducting audits of the design and construction of new dam works and major modification projects. The activity is carried out by the engineering team, Compliance team, Governance and Assurance Manager and the CEO.



<ul style="list-style-type: none"> <li>▪ <b>Audit compliance – operations and maintenance</b></li> </ul>	<p>The operations and maintenance audit covers assessing dam safety risks through risk-based audits of declared dam owners. Most teams contribute to this activity.</p>
<ul style="list-style-type: none"> <li>▪ <b>Audit compliance – decommissioning</b></li> </ul>	<p>Involves conducting audits where dams are being decommissioned. The activity is conducted by the engineering team, Compliance team, Governance and Assurance Manager and the CEO.</p>
<p><b>Respond to incidents and non-compliance</b></p>	<p>Comprises two separate activities: Respond to incident reports and Respond to non-compliance as follows:</p>
<ul style="list-style-type: none"> <li>▪ <b>Respond to incident reports</b></li> </ul>	<p>Involves logging, reviewing and responding to dam safety incident reports provided by declared dam owners as required by Regulation clause 19 in line with approved protocols. Then involves evaluating incident reports based on risk, with a focus on identifying issues that could lead to significant harm. The engineering team, the Compliance team, the Capability Manager, and the CEO contribute to this activity.</p>
<ul style="list-style-type: none"> <li>▪ <b>Respond to non-compliance</b></li> </ul>	<p>Dams Safety NSW uses a flexible and proportionate approach to enforcement when dam owners do not comply with legislative requirements or directives. Actions taken for non-compliance can include advisory letters; audits; warnings (written and verbal); statutory directions; penalty notices; emergency orders; or prosecution. The activity is carried over by the Compliance team, the engineering team, the Governance and Assurance Manager, the Capability Manager, the Principal Policy Officer and the CEO.</p>
<p><b>Educate and inform</b></p>	<p>Activities include visiting dam owners to educate them on requirements, engaging with declared dam owners to build capacity, such as through workshops, webinars and sharing good dam safety practice, promoting and reinforcing good dam risk management practices, promoting the benefits of complying with legislation, providing guidelines and factsheets, ensuring consultants are aware of requirements so they can support dam owners. Most teams contribute to this activity.</p>

### Indirect activities

Category	Definition
<b>Corporate support</b>	Reflects salaries of various executive and non-executive staff involved in supporting the Board, undertake annual and financial reporting activities, and undertaking administrative support functions.
<b>Board remuneration</b>	Reflects board remuneration costs for five Board members.
<b>Contractors/consultants</b>	Includes the use of contractors to deliver Educate and Inform activities, and Corporate Support activities.
<b>IT system build and maintenance</b>	Reflects the costs associated with building and maintaining the new dam information management system (DIMS).
<b>Office rent</b>	Reflects the rental charges for use of head office premises in Parramatta.
<b>Communications</b>	Includes laptops, mobile phones, phone charges, telecommunications and computer software and IT supplies.
<b>Other indirect</b>	Includes legal costs, travel, staff education and training, subscriptions/professional memberships and office stationary/consumables.

### Excluded activities

Category	Definition
<b>Advice to the Minister</b>	Dams Safety NSW may provide advice or make recommendations to the Minister on the types and classes of dams that may be the subject of regulations or on the development, implementation and modification of dams safety standards. It may also make other reports or recommendations to the Minister or any other person in relation to the safety of dams. In 2023-24, only limited advice was provided to the Minister.
<b>Assessing mining consent applications</b>	As a consent authority, Dams Safety NSW is required to review development consent applications for mining in declared notification areas. This involves reviewing details of an application, assessing whether there are dam safety concerns and preparing a response to enable NSW Resources Regulator to consider before approving mining operations.

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