

Summary of submissions on draft operating licence recommendations

WaterNSW operating licence review

1 June 2024

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1 About this information paper

In this information paper, we summarise written submissions that we received from the following stakeholders, in response to our draft recommendations for the operating licence:^a

- Water NSW
- Department of Climate Change, Energy, the Environment, and Water (DCCEEW or the Department)^b on behalf of the NSW Government – including feedback from NSW Health, the Natural Resources Access Regulator (NRAR) and the Department of Regional NSW
- Energy and Water Ombudsman NSW (EWON)
- NSW Irrigators Council (NSWIC)
- Lachlan Valley Water
- Sydney Water
- NSW Farmer's Association
- Bureau of Meteorology
- Coleambally Irrigation Co-operative Limited
- NSW Water Directorate
- one individual submission
- one anonymous submission.

We also summarise verbal feedback that we received from Yanco Creek and Tributaries Advisory Council and two individuals (L. Wilson and B. Watson-Will) at our public hearing in February 2024.^c The written submissions and a transcript of the verbal feedback we received at the public hearing are available on our [website](#).

The feedback from these stakeholders has informed our final recommendations to the Minister for Water for the WaterNSW operating licence. They will also inform our proposal for the 2024-2028 WaterNSW reporting manual.

The following symbols indicate stakeholders' positions:



Support our draft recommendation or suggest minor amendments



Support our draft recommendation but propose alternative approach OR have a view on an issue where we did not make a draft recommendation



Disagree with our draft recommendation



Have not provided a view but did provide further information on an issue.








^a All clause numbers refer to clause numbers in the draft recommended licence and may have changed in the final recommended licence.




^b The Department of Climate Change, Energy, the Environment, and Water is referred to as the Department in the recommended licence.









^c We have not summarised public hearing feedback where an organisation/individual provided a written submission.

2 Management systems

Table 1 Summary of submissions to our draft recommendations for management systems

Topic area and our draft recommendations	WaterNSW's response	NSW Government response	Other stakeholder responses	Our final recommendation and how we have addressed stakeholder comments.
<p>Water quality management system (WQMS)</p> <ol style="list-style-type: none"> Retain the requirement to maintain and undertake activities in accordance with a WQMS and to comply with it (clause 8). Exclude drinking water in areas with services already regulated by section 25 of the <i>Public Health Act 2010</i> (picnic areas and regional sites) from the scope of the WQMS. 	<p> WaterNSW supports the requirement to maintain a WQMS, but proposed changes:</p> <ul style="list-style-type: none"> Clause 8(3)(a) as to whether all water released must be done so in accordance with the WQMS, and suggested that "capture, store, release" water, as defined under the current licence should not be part of the WQMS. Clause 8(1)(b)(iii) – the requirement to maintain a WQMS for "non-declared catchment areas (not including areas with services already regulated by the <i>Public Health Act 2010</i>)" noting that the water they supply for drinking water purposes in the non-declared catchments is either within the FRWSS or is already regulated under section 25 of the <i>Public Health Act 2010</i> which could mean regulatory duplication, redundancy or inconsistency. 	<p> The NSW Government supports the draft licence obligations related to the WQMS.</p> <p> NSW Health requests rewording clause 8(1)(b)(iii) to clarify that the exclusion relates only to regional sites including small supplies near WaterNSW's dams, and not to any utility-like services. NSW Health noted that WaterNSW should not be exempt from section 25 of the <i>Public Health Act 2010</i> for any direct drinking water supplies.</p> <p> NSW Health recommended inclusion of fluoridation obligations for the Fish River Water Supply Scheme in the licence.</p>	<p> NSWIC supports maintaining and implementing a WQMS with separate conditions in non-declared catchment areas (clause 8). This reflects the different catchment characteristics, differences in management and levels of control between declared and non-declared catchments.</p> <p> Sydney Water generally supports the requirement for WaterNSW to maintain a WQMS. Sydney Water recognises the need to ensure that WaterNSW's management systems align with Sydney Water's WQMS and adopts a true system-wide perspective in an efficient manner.</p> <p> CICL supports our draft obligations in this part of the licence. CICL noted that regulatory overlap should be avoided where drinking water services are already regulated under the <i>Public Health Act 2010</i>.</p>	<p>We recommend changes to the draft licence condition as follows.</p> <ul style="list-style-type: none"> Allow WaterNSW to nominate an updated or replacement version of the Australian Drinking Water Guidelines (ADWG) for approval. We consider that it is important to allow flexibility to move to an updated or replacement version of the ADWG if necessary. Include a note to clarify that WaterNSW has flexibility to maintain one consolidated system or separate systems. Include a note and a new term "in-scope water" to acknowledge that WaterNSW does not have full control over the catchments in the non-declared catchments. Exempt drinking water services already regulated by NSW Health. This will ensure that all drinking water services and supplies are regulated by either NSW Health through a Quality Assurance Program (QAP) or by IPART through the WQMS. Include fluoridation obligations for the Fish River Water Supply Scheme in line with the submission from NSW Health.








Topic area and our draft recommendations	WaterNSW's response	NSW Government response	Other stakeholder responses	Our final recommendation and how we have addressed stakeholder comments.
Asset management system (AMS)	<ul style="list-style-type: none"> Clause (2) – the word "promptly", and timeframe expectations. WaterNSW currently notifies NSW Health and IPART of significant changes made twice a year at roughly six-monthly intervals, as per the reporting manual and any more reporting is considered excessive. <p> WaterNSW suggests the clause be amended to allow for a 3-year transition period from the date of the new ISO publication, since it has not yet been published, rather than specifying a particular date in the Licence.</p> <p>WaterNSW also considers that clause 9(2), which requires the AMS to be consistent with the design criteria, should be amended or removed because meeting the design criteria is an intended outcome of implementing the AMS.</p>	Nil	<p> Sydney Water supports WaterNSW maintaining an AMS consistent with <i>ISO 55001:2024</i>.</p> <p> CICL supports our draft asset management system licence obligations.</p>	<p>We recommend changes to the draft licence conditions as follows:</p> <ul style="list-style-type: none"> Amend the requirement to maintain and comply with its Asset Management System consistent with <i>ISO 55001:2014</i>, or another standard approved by IPART. This addresses WaterNSW's concern about the unpublished 2024 standard. It also provides flexibility for WaterNSW to adopt the standard that best meets the requirements.
<p>3. Modify the requirement for WaterNSW to maintain and comply with its Asset Management System to bring it in line with the <i>ISO 55001:2024</i> during the Licence term (clause (1)).</p> <p>4. Modify the obligation to clarify the links between the AMS and catchment infrastructure works management (clause 9(2)) and the construction, maintenance and operation of works (clause (3)).</p>				




Topic area and our draft recommendations	WaterNSW's response	NSW Government response	Other stakeholder responses	Our final recommendation and how we have addressed stakeholder comments.
<p>Environmental management system</p> <p>5. Retain the requirement to maintain and comply with an EMS in line with <i>AS/NZS ISO 14001:2016</i> (clause 10).</p>	<p> WaterNSW supports the requirement to maintain an environmental management system.</p>	<p>NSW Government response</p>	<p> CICL supports our draft environmental management system licence obligations.</p>	<p>We do not recommend changes to the draft licence condition.</p>
<p>Quality management system</p> <p>6. Include an obligation requiring WaterNSW to develop, maintain and implement a Quality Management System in line with <i>AS/NZS ISO 9001:2016</i> (clause 11).</p>	<p> WaterNSW opposed our draft proposal due to cost. They also considered WaterNSW is sufficiently regulated in relation to quality management, noting examples of their various other Management Systems for Dam Safety, Water Monitoring Quality, Assets, Environment, Work Health and Safety, Water Quality Management System and Cybersecurity system. WaterNSW noted that Sydney Water does not have a QMS requirement and Hunter Water's QMS obligations was included at Hunter Water's request. WaterNSW also noted its commitment to developing a Quality Management Framework by the end of 2024.</p>	<p> The NSW Government did not support our draft proposal to require WaterNSW to develop and implement a quality management system (QMS). DCCEEW acknowledged WaterNSW's cost concerns and noted that gaps and benefits would be more clearly addressed through implementation of the QMF required in response to the NSW Government's section 10 review under the <i>Water Management Act 2000</i> (WMA). The NSW Government supports reconsidering the requirement for WaterNSW to develop a QMS after the QMF is finalised.</p>	<p> NSWIC and LVW do not support the adoption of a business-wide QMS. NSWIC considers that WaterNSW should focus on improving its existing systems, particularly the customer management and Water Register to ensure it is fit-for-purpose. NSWIC does not see implementing a QMS as a priority at this time.</p> <p> LVW also notes that WaterNSW has lost documentation, operational knowledge, and corporate IP. They note that the licence should require WaterNSW to maintain appropriate systems and processes to both capture and retain operational knowledge, and have a succession plan for key operations staff so that appropriate training experience can be provided and relevant operational experience can be gained.</p> <p> CICL does not support QMS licence obligations noting that it is too prescriptive a process for intended outcomes.</p>	<p>We recommend removing the draft obligation for WaterNSW to develop, maintain and implement a QMS from the licence.</p> <p>WaterNSW is required develop a Quality Management Framework (QMF) as required under the Corrective Action Plan, developed in response to the NSW Government's section 10 review. We consider that the QMF will provide customers and other stakeholders with assurance in WaterNSW's system operations and decision-making framework.</p>
<p>Critical infrastructure</p> <p>7. Do not impose national security clearance requirements in the Licence.</p>	<p>Nil</p>	<p>Nil</p>	<p> CICL supported our draft licence condition.</p>	<p>We do not recommend a licence obligation for national security clearance requirements.</p>

3 Performance standards

Table 2 Summary of submissions to our draft recommendations for performance standards

Topic area and our draft recommendations	WaterNSW's response	NSW Government response	Other stakeholder responses	Our final recommendation and how we have addressed stakeholder comments.
<p>8. For direct water supply services:</p> <p>a. retain the water quality standard requiring compliance with the water quality management system (clause 15.1 D-WQ-1)</p> <p>b. include a water delivery standard requiring timely delivery of services (clause 15.1 D-WD-1)</p> <p>c. include a service interruption standard requiring WaterNSW to provide timely notification of cease to pump orders (clause 15.1 D-SI-1)</p> <p>d. remove the requirement for WaterNSW to manage service interruptions in line with its AMS.</p>	<p> WaterNSW considers that the new definitions mean the standards apply to incorrect functions.</p> <p> Water quality WaterNSW proposes removing D-WQ-1 as it duplicates requirements under clause 8.</p> <p> Water delivery WaterNSW proposed amending D-WD-1 to allow for interpretation of what "on time" means and to allow for rescheduling by agreement with the customer.</p> <p>WaterNSW noted that direct water supply customers do not schedule water orders.</p> <p> Service interruption WaterNSW noted that the concept of "cease-to-pump" is not used for direct water supply services.</p>	<p>Nil</p>	<p> NSWIC supports the draft recommendations made for Part 4 Performance Standard and considers they are critical for customers to understand what minimum service levels to expect from WaterNSW for water release services. This promotes reliability and predictability for customers, many of whom run businesses within the irrigated agriculture sector and are reliant on reliable and timely access to water resources.</p> <p> Sydney Water proposes a water quality performance target to be included in WaterNSW's licence and to be integrated with the requirements of Sydney Water's WQMS.</p> <p>Sydney Water do not have any concerns with the inclusion of the delivery standards or service interruption requirements.</p> <p> CICL supported our draft performance standards for direct water supply services.</p>	<p>We recommend changes to the draft licence condition as follows.</p> <p><u>Water quality</u> We have limited D-WQ-1 to apply to raw water quality incidents, for which the final end use of the water is drinking water caused by non-conformance with the WQMS required under clause 8. We have not included a new water quality standard related to the Sydney Water WQMS as embedding performance standards based on Sydney Water's WQMS may result in unintended consequences should Sydney Water change its WQMS.</p> <p><u>Water delivery standards</u> We have deleted D-WD-1 as we no longer consider that this standard applies to the operating environment for direct water supply customers.</p> <p><u>Service interruption standards</u> We have replaced D-SI-1 with 3 service interruption standards (D-SI-1, D-SI-2 and D-SI-3) requiring WaterNSW to notify customers of planned and unplanned service interruptions and expected return-to-service.</p>

<p>9. For water release services:</p> <p>a. include a water quality standard for bulk water released from dams with multi-level offtake points, having consideration to temperature and algal readings consistent with a quality assurance program under section 25 of the <i>Public Health Act 2010</i>, or the Australian Drinking Water Guidelines (clause 15.1 R-WQ-1)</p> <p>b. modify existing water delivery performance standard targets related to rectifying incorrect water orders and releasing water orders in a timely manner (clause 15.1 R-WD-1 and R-WD-2)</p> <p>c. include a water delivery performance standard related to timely delivery of rescheduled water orders (clause 15.1 R-WD-3)</p> <p>d. include service interruption performance standards around the rescheduling of water orders and timely notification in the event that WaterNSW ceases to or becomes unable to release water (clause 15.1 R-SI-1 and R-SI-3)</p> <p>e. modify the existing service interruption performance standard related to consultation</p>	<p> Water quality</p> <ul style="list-style-type: none"> Removing R-WQ-1. WaterNSW considers that a water quality standard in relation to rural water systems is not appropriate at this time. However, WaterNSW suggests a water quality performance standard for rural water related to the monitoring and subsequent notification of water quality to relevant customers may be more relevant, should one be required. <p> Water delivery</p> <ul style="list-style-type: none"> Amend R-WD-1 from "95% of customers" to "95% of orders" and including "of WaterNSW becoming aware it is a non-complying water order". R-WD-2 and R-WD-3 be clarified. WaterNSW did not consider that "released" was clear and suggested rewording the standard to reference "water delivered" or available for "take". WaterNSW also considered that this standard should allow for an order change made by the customer to remove the risk of technical non-compliance with the obligation. <p> Service interruption</p> <ul style="list-style-type: none"> Removing R-SI-1. WaterNSW considered this to be adequately covered by water delivery standards. 	<p> The NSW Government (NSW Health) does not support our water quality standard for water released (R-WQ-1). NSW Health notes that WaterNSW is not required to maintain a quality assurance program under section 25 of the <i>Public Health Act 2010</i> for released dam water and WaterNSW has limited control over the quality of water it releases. NSW Health identified that the turbidity of released water may be more useful to downstream drinking water suppliers.</p> <p> The NSW Government (DCCEEW) seek amendments to the water quality standard (R-WQ-1) to include a requirement for releases to consider temperature to minimise cold water pollution, consistent with the <i>NSW Cold Water Pollution Strategy</i>. DCCEEW noted that our draft water delivery standards only refer to water access licences and excludes planned environmental water releases (PEW). DCCEEW suggested amending the standards to relate to environmental water releases. DCCEEW also recommended including:</p> <ul style="list-style-type: none"> 100% of volume of planned environmental water (PEW) is released as required under the applicable Water Sharing Plan. Notification is given to the relevant Environmental 	<p> CICL did not support our draft water quality performance standard for water release services. CICL questioned the relevance of requiring WaterNSW to report against the ADWG.</p> <p> CICL supported the remaining performance standards for water release services.</p>	<p>We recommend changes to the draft licence condition as follows.</p> <p><u>Water quality standards</u> We have replaced R-WQ-1 with a standard related to the early warning system under Part 5 the licence. We removed the equivalent obligation under Part 5 of the licence to avoid duplication. The water release services water quality standard has changed. We consider the NSW Government's commentary around water temperature no longer applies.</p> <p><u>Water delivery standards</u> We have amended R-WD-1 to clarify this standard relates to total number of water orders received, not the number of customers. We have combined R-WD-2 and R-WD-3 into one standard to clarify that WaterNSW must release water within one day of the scheduled day of release. We have included a definition to clarify that the scheduled day of release also encapsulates rescheduled dates. We have not changed R-WD-2 to reflect when water is delivered as we consider when water is released to be within WaterNSW's sphere of control, whereas when the water arrives is not.</p> <p><u>Service interruption standards</u> We have removed R-SI-1 as we consider this standard does not reflect WaterNSW's operating environment (i.e. due to the natural variability of the system, WaterNSW reschedules water orders regularly to provide water release services). Our recommendations for the remaining service interruption standards for water release services</p>
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Topic area and our draft recommendations	WaterNSW's response	NSW Government response	Other stakeholder responses	Our final recommendation and how we have addressed stakeholder comments.
<p>about rescheduled water orders (clause 15.1 R-SI-2)</p> <p>f. remove the requirement for WaterNSW to manage service interruptions in line with its AMS.</p>	<ul style="list-style-type: none"> Modifying R-SI-2 to be "as soon as reasonably practicable after WaterNSW becomes aware of an unplanned service interruption" and, consistent with proposed drafting of R-SI-3, "no less than 7 days in advance of a planned service interruption". Amend R-SI-3 to require notification as soon as reasonably practicable after WaterNSW become aware of an unplanned service interruption or no less than 7 days prior to a planned service interruption. 	<p>Water Advisory Group, relevant local Council(s) and possibly advertised in a local newspaper if the PEW releases are to be rescheduled or are delayed.</p>		<p>remain unchanged. We consider that WaterNSW will work with its customers to reschedule water orders once it becomes aware of expected water shortages or another relevant reason (revised R-SI-1). We consider that one day is a reasonable amount of time for WaterNSW achieve this.</p> <p>We have not recommended additional environmental water performance standards, as recommended by DCCEE. We recommend that WaterNSW report against relevant performance indicators in the WaterNSW reporting manual instead. Similarly, we have not proposed the inclusion of an additional trade performance standard for water entitlement transfers.</p>
<p>10. For the Fish River water supply scheme:</p> <p>a. modify the requirement for all water supplied to be complaint with WaterNSW's WQMS (clause 15.2 FR-WQ-1).</p>	 <p>WaterNSW proposed removing FR-WQ-1 as it duplicates the requirement for WaterNSW to comply with its WQMS under clause 8.</p>	<p>Nil</p>	<p>Nil</p>	<p>We recommend changes to the draft licence condition as follows.</p> <ul style="list-style-type: none"> We have amended FR-WQ-1 by limiting the performance standard to drinking water quality incidents caused by WaterNSW failing to comply with the WQMS.
<p>11. For water trades:</p> <p>a. retain the current temporary trades performance standards (clause 15.3 T-AP-1, T-AP-2 and T-AP-3).</p>	 <p>WaterNSW proposed amending T-AP-4 to:</p> <ul style="list-style-type: none"> require the standard to refer to "95% of trades" replace the reference "order" to reference an "application" 	 <p>CICL supports retaining temporary trade performance standards and recommends including an additional performance standard for water entitlement (share component) transfers, consistent with processing times imposed on irrigation infrastructure operators in the <i>Water Market Rules 2009</i> (Cth) for processing transformations.</p>		<p>We recommend changes to the draft licence condition as follows.</p> <ul style="list-style-type: none"> Amend T-AP-4 to require WaterNSW to contact 95% of applicants, rather than orders. This addresses the issue of one customer placing multiple non-complying trade requests. Amend T-AP-4 to allow WaterNSW 5 days to contact the applicant, instead of 1.


Topic area and our draft recommendations	WaterNSW's response	NSW Government response	Other stakeholder responses	Our final recommendation and how we have addressed stakeholder comments.
<p>b. include a requirement that at least 95% of customers who place a non-complying trade application are contacted to rectify that order within 1 business day (clause 15.3 T AP-4).</p>	<ul style="list-style-type: none"> add a statement to clarify that this performance standard should only apply once WaterNSW becomes aware of a non-complying application". 			<p>Response to other submissions</p> <p>We did not change T-AP-4 to only apply once WaterNSW is aware of a non-complying application, as we consider 5 days is sufficient time for WaterNSW to process applications. We do not propose new trade standards for water entitlement transfers. We consider that embedding water entitlement transfer standards in the licence could contradict the requirements under the <i>Water Market Rules 2009</i> (Cth), should those rules change.</p>
<p>12. Clarify that the requirement to meet water quality performance standards for water release services, and certain performance standards for water delivery and service interruptions excludes non-conformance due to:</p> <p>a. extreme events that WaterNSW cannot reasonably prevent or mitigate (clause 13(b)(i))</p> <p>b. WaterNSW complying with another law.</p>	<p>Nil</p>	<p>Nil</p>	<p> CICL supports our proposal to clarify when the performance standards apply.</p>	<p>We do not recommend changes to the draft licence condition.</p>





Topic area and our draft recommendations	WaterNSW's response	NSW Government response	Other stakeholder responses	Our final recommendation and how we have addressed stakeholder comments.
13. Include an obligation for WaterNSW to make its annual report on performance standards publicly available (clause 14).	Nil	Nil	<p> NSW Farmers support the draft requirement for WaterNSW to report on performance standards including productivity improvements and enhanced water security arrangements for irrigators.</p> <p> CICL supports making WaterNSW's annual report on performance standards publicly available.</p>	We do not recommend changes to the draft licence condition.

4 Raw water quality for drinking water suppliers







Table 3 Summary of submissions to our draft recommendations for raw water quality for drinking water suppliers


Topic area and our draft recommendations	WaterNSW's response	NSW Government response	Other stakeholder responses	Our final recommendation and how we have addressed stakeholder comments.
<p>Bulk water quality policy and service commitments for drinking water suppliers</p> <p>14. We propose to replace the requirement for WaterNSW to have a register and an information request procedure for LWUs, with new requirements for WaterNSW to:</p> <p>a. develop and publish a policy regarding water quality for drinking water suppliers that specifies roles and responsibilities of parties, including WaterNSW's role in improving the quality of water, the monitoring of it, identifying and reducing hazards and risks, and educating drinking water suppliers on accessing and understanding water quality data (clause 16(1)(a))</p> <p>b. develop the policy in consultation with NSW Health and the relevant drinking water suppliers (clause 16(2))</p>	<p> WaterNSW supports the requirement for a high-level policy on bulk water quality for drinking water suppliers but recommends that IPART liaise with them to better define and delineate their role, noting their limited influence over aspects of water quality.</p> <p>WaterNSW seeks further discussions with IPART around implementation requirements.</p> <p>WaterNSW seeks clarity on WaterNSW's role in improving the quality of water supplied and reducing hazards.</p> <p>WaterNSW considers that cost of these additional obligations must form part of IPART's considerations when including them as licence obligations.</p> <p>WaterNSW seeks clarity on whether the obligations are limited to customer supply agreements or to CSR customers and seek to ensure the policy application is limited to the intended scope and purpose of clause 16.</p> <p> WaterNSW opposes clause 17 on the basis that it duplicates clause 16(b)(i).</p>	<p>Nil</p>	<p> CICL considers that as the proposed new standard directly relates to the supply of bulk water for LWUs, the costs should be borne by those seeking increased services from WaterNSW.</p>	<p>We recommend the following change:</p> <ul style="list-style-type: none"> We have changed the term "bulk water" to "raw water" throughout the licence without changing the definition. This is to differentiate it from and remove any ambiguity relating to bulk water services provided by WaterNSW. <p>Response to other submissions</p> <p>We consider that clause 17 of the draft licence does not duplicate clause 16(b)(i). Clause 17 provides for the timeline to determine the parameters.</p> <p>Regarding clearer delineation between water quality management and water quality monitoring, we consider that the condition does not require water to be provided that meets the parameters under the early warning system. Rather, it simply requires notification of the exceedance of water quality parameters.</p> <p>The monitoring point would be determined in consultation with drinking water suppliers when developing the water quality enhancement program.</p>

Topic area and our draft recommendations	WaterNSW's response	NSW Government response	Other stakeholder responses	Our final recommendation and how we have addressed stakeholder comments.
<ul style="list-style-type: none"> c. maintain current contact details for each drinking water supplier (clause 16(1)(b)(iii)) d. include processes for determining water quality monitoring parameters, engaging with drinking water suppliers and data provision (clause 17) e. determine the water quantity and water quality parameters consistent with the processes set out in the policy (clause 17) f. publish a summary of its service commitments to drinking water suppliers (clause 19). 	<p>WaterNSW requires clarification on the point at which the water quality parameters would be determined (i.e. dam vs extraction point).</p> <p>WaterNSW notes the importance of clear delineation between water quality management and water quality monitoring. Draft clause 17 could create expectations for managing the quality of certain parameters that WaterNSW is unable to cost effectively monitor and/or meet the expectations of.</p> <p> WaterNSW supports including the summary of service commitments to drinking water suppliers when consistent with the water quality monitoring enhancement program and the early warning system.</p> <p>WaterNSW notes that ongoing funding to deliver these service commitments also needs to be identified and secured.</p>			<p>To clarify WaterNSW's query on the application of this condition, Clause 17 applies where water is made available to drinking water suppliers (per clause 16). The term drinking water supplier is a defined term in the licence and is not limited to services provided under a customer supply agreement.</p> <p>We acknowledge CICL's concern about the costs associated with this condition. We do not expect this condition will result in a significant cost impact for WaterNSW. This will be subject to WaterNSW's pricing submission which we will assess and consult on in the pricing review.</p>

Topic area and our draft recommendations	WaterNSW's response	NSW Government response	Other stakeholder responses	Our final recommendation and how we have addressed stakeholder comments.
<p>Water quality monitoring enhancements program</p> <p>15. We propose to add a requirement increasing WaterNSW's responsibilities to monitor and provide information on water source events and the quality of raw water provided to drinking water suppliers, including:</p> <p>a. requiring WaterNSW to maintain an ongoing water quality monitoring enhancement program which takes into account the Water Quality Roadmap published by the Department on October 2021 and the activities already undertaken by WaterNSW under the Town Water Risk Reduction Program</p> <p>b. requiring WaterNSW to annually report to IPART on the water quality monitoring enhancements program (clause 20).</p>	<p> Supports in principle, subject to confirmation by Government including funding arrangements.</p> <p>WaterNSW supports in principle undertaking a broader role in the improved coordination and management of water quality monitoring for LWUs that it delivers water to.</p> <p>WaterNSW notes that they are currently conducting a two-year program as part of the government funded Town Water Risk Reduction Program (TWRRP) Stage 2, which is due for completion by June 2025.</p> <p>WaterNSW considers that the new provision should be subject to a decision by Government on whether it accords with intended Government policy.</p> <p>WaterNSW seeks clarification and endorsement of the Government's and the LWUs' expected scope and levels of service, and they would seek to resolve this as part of developing the program.</p>	<p> The NSW Government (DCCEEW) agrees that there is value in the enhanced water quality monitoring program, which takes a more proactive approach to providing LWUs with relevant information. DCCEEW noted that the proposed draft obligations support work commenced under the Town Water Risk Reduction Program.</p> <p>The NSW Government (DCCEEW and the Department of Regional NSW) consider that the licence could be further broadened to include monitoring of unregulated rivers for broader purposes. The NSW Government noted that this could provide better environmental outcomes and benefits for people who are not on town water supply.</p> <p>DCCEEW requests an amendment to require WaterNSW to consult with DCCEEW in developing the water quality monitoring enhancements program (clause 20(2)). DEECCW also requests an amendment to require WaterNSW to also submit the relevant annual report (under clause 20(3) to DCCEEW.</p>	<p> NSW Water Directorate supported the proposals and noted the need to consider where bulk water is supplied direct through a pipeline to a LWU. The concern is that there is a potential mismatch in service levels with bulk water deliveries via directly connected infrastructure in the Greater Sydney basin to Sydney Water compared with regional Local Water Utilities. For example, the Chaffey Dam pipeline has a direct connection to Tamworth Regional Council's water treatment infrastructure, or pipelines connecting to the Fish River scheme in the Central West of NSW.</p> <p>Water Directorate seeks a requirement that provides a similar level of service to LWU's as Sydney Water as they also have to meet the ADWG. However, LWU's do not have sufficient control over bulk water deliveries via directly connected infrastructure to meet the ADWG in some cases.</p> <p> CICL does not support the inclusion of our proposed obligation, noting that WaterNSW is required to report water quality data to the Bureau of Meteorology under the <i>Water Regulations 2008</i>.</p> <p>CICL considers that this obligation will result in regulatory duplication between work undertaken by WaterNSW and DCCEEW.</p> <p>CICL also considers that it is not appropriate for the licence to impose obligations on WaterNSW where other agencies performance and influence would impact WaterNSW's ability to meet obligations.</p>	<p>We recommend changes to the draft licence conditions as follows.</p> <ul style="list-style-type: none"> change terminology from "health-related" to "risk-related" require WaterNSW's risk-related monitoring of raw water to include the environment require WaterNSW consider environmental water quality monitoring opportunities for raw water for drinking water suppliers and for the environment require WaterNSW to consult with DCCEEW in developing the water quality monitoring enhancements program require WaterNSW to consider matters specified in clause 21(2)(b) of the recommended licence require WaterNSW to include how it considered the matters in clause 21(2)(b) of the recommended licence in its annual report to IPART and DCCEEW clarify that the first annual report is not required until 30 November 2026. <p>The above amendments also address the NSW Government's requests to be involved in the development of and reporting on the program.</p>

Topic area and our draft recommendations	WaterNSW's response	NSW Government response	Other stakeholder responses	Our final recommendation and how we have addressed stakeholder comments.
	<p>WaterNSW requests further clarification on the scope of the program, which is limited to regulated rivers across NSW in the draft licence. They note that the current TWRRP Stage 2 program focuses on regional communities in both regulated and unregulated rivers across NSW, with the majority located in the Murray Darling Basin.</p> <p>WaterNSW requests further clarification on the scope of the program being limited to LWUs and encapsulating environmental water quality monitoring. E.g. monitoring parameters important for environmental issues such as fish deaths, blue-green algal blooms and cold-water pollution.</p> <p>WaterNSW note that an expanded monitoring role would at least partly address recommendation 2 in the final report of the independent review into the 2023 fish deaths in the Darling-Baaka River at Menindee.</p> <p>WaterNSW seeks clarification on terminology in clause 20(1)(a) "health-related monitoring" which has specific meaning in the Australian Drinking Water Guidelines.</p>			<p>We have defined water to which the WQMS will apply as "in-scope water". This includes water with the final end use as drinking water that is provided by WaterNSW as part of a service, or in an area, that has not been exempted by NSW Health. Including requirements to consider risk-based priority and costs, consider environmental water quality monitoring as well as consulting with DCCEEW in the development of the program would broaden the beneficiaries of this condition and allow for costs to be prioritised and kept to a minimum. WaterNSW is not prevented from charging a fee for this service which could be included in their summary of service commitments to drinking water suppliers required by clause 20 of the recommended licence.</p> <p>We agree with CICL's concern over duplication of monitoring and reporting and addressing the NSW Government's requests to be involved in the development of and reporting on the program will help prevent duplication. The utility of this condition is the timeliness of providing suitable information to drinking water suppliers such that they can plan and adjust water sources and treatment accordingly: We consider that CICL's concern over regulatory overlap between WaterNSW and DCCEEW will be addressed by our recommendation to consult with DCCEEW in the development of the water quality enhancement program.</p>

Topic area and our draft recommendations	WaterNSW's response	NSW Government response	Other stakeholder responses	Our final recommendation and how we have addressed stakeholder comments.
<p>Early warning system</p> <p>16. Modify the requirements of the advance notification system to address information gaps in water quality data and flood risk (clause 18).</p>	<p> WaterNSW notes the drafting of clause 18(3)(a)(iii) requires WaterNSW to maintain an early warning system that provides advance notifications for predicted downstream water heights at gauging stations where there is actual significant dam releases or overflow or predicted significant dam releases or overflow.</p> <p>WaterNSW recommends removing clause 18(3)(a)(iii), citing duplication with BOM's role. WaterNSW notes that BOM has an official mandate to issue flood warnings (BOM's legislative obligation is under the <i>Meteorology Act 1955</i> (Cth)).</p> <p>WaterNSW seeks clarity on 18(3)(b-d) which all form part of actively managing source water. WaterNSW considers that these would require the identification of triggers, the development and implementation of monitoring programs and that consideration be given to ongoing management. While some features are being trialled, WaterNSW considers it premature to include them in the licence without confirming feasibility.</p>	<p> The NSW Government (DCCEEW) notes that, for the early warning system, the types of significant changes to flows from WaterNSW's works should explicitly refer to Planned Environmental Water (PEW) and Held Environmental Water (HEW) that may cause inundation.</p>	<p> NSWIC agrees flood planning and emergency response activities are covered by other emergency response agencies. However, NSWIC suggests including flow rate and river level (per WaterInsights) as BOM and SES warnings do not currently include these. NSWIC notes that this data in flood warnings will assist regional communities prepare for flood events.</p> <p> NSWIC supports expanding the early warning system to address water quality information gaps.</p> <p> NSWIC raised concerns about cost apportioning given the shared nature of the benefits to LWUs, their customers and some WaterNSW customers.</p> <p> The Bureau of Meteorology (BOM) noted that it works with WaterNSW before and during flood events to ensure dam management and release strategies are communicated and captured in BOM's flood forecasting models. BOM is responsible for providing flood warnings at forecast locations as detailed in the Service Level Specification for Flood Forecasting and Warning Services for NSW and ACT.</p> <p>BOM indicated that riverine flood warning services and associated forecast locations are downstream of certain dams and recommended further consideration of the type of information WaterNSW is required to provide, as part of the Early Warning System, for communication of flood risk.</p>	<p>We recommend changes to the draft licence conditions as follows.</p> <ul style="list-style-type: none"> Remove the requirement for WaterNSW to provide predicted downstream water heights. This removes duplication with BOM as the responsible agency for providing flood warnings at forecast locations. Making the obligation to provide advanced notification 'as soon as <u>reasonably</u> possible'. Using the term 'as soon as reasonably possible' is more consistent with Plain English drafting than 'reasonably practicable' which is legalistic terminology. <p>Response to other submissions</p> <p>We acknowledge WaterNSW's concern about prematurely including new requirements to the early warning system about actively managing source water in clause 18(3)(b)-(d) of the draft licence. The recommended obligation gives WaterNSW a year to put the necessary processes in place before this requirement would come into effect.</p>

Topic area and our draft recommendations	WaterNSW's response	NSW Government response	Other stakeholder responses	Our final recommendation and how we have addressed stakeholder comments.
	<p>WaterNSW recommends the notification requirement in paragraph 18(4) be amended from "as soon as possible" to "as soon as reasonably practicable" as this better involves the practical considerations of all the facts and circumstances of the individual case or situation.</p>		<p> BOM raised concerns that additional information or warning sources, through the EWS, could lead to community confusion as different information (river levels and river volumes) would be communicated. There is the potential for information and warnings to be issued at different times, and it could include conflicting information depending on when information and warnings are issued.</p> <p> CICL supported this condition in principle provided the cost sharing framework recognises the range in the type of customer seeking this service. CICL notes that often these type of information gaps are being driven by the wider public, LWUs or riparian landholders.</p>	<p>Additionally, we consider it reasonable for WaterNSW to already know and communicate changes to source water and offtake levels internally. We are simply requiring this to be shared with external parties that have nominated to be notified of these changes. In regard to exceedances of water quality parameters these triggers will have been developed in accordance with clause 18 of the recommended licence by 1 July 2026.</p> <p>This condition will provide warning to downstream users of the volume of water being released. We consider that the reason for release is not useful information for impacted parties.</p> <p>The early warning system may include notification of algal outbreaks if it is a parameter decided on under clause 16 and 17 of the recommended licence.</p>








5 Customer agreements and accounts




Table 4 Summary of submissions to our draft recommendations for customer agreements and accounts

Topic area and our draft recommendations	WaterNSW's response	NSW Government response	Other stakeholder responses	Our final recommendation and how we have addressed stakeholder comments.
<p>Customer supply agreements for direct water services</p> <p>17. Retain the requirement for WaterNSW to establish and maintain customer supply agreements with customers to which it provides direct water supply services (clause 21).</p>	<p> WaterNSW supports the proposed obligation provided the requirement does not include or refer to existing agreements that have been executed prior to these the new clauses being included in the licence. WaterNSW supports all new agreements including these clauses.</p>	Nil	<p> CICL supported our draft proposal to retain the requirement for WaterNSW to establish and maintain customer supply agreements for direct water supply customers.</p>	<p>We recommend changes to the draft licence conditions as follows.</p> <ul style="list-style-type: none"> We have excluded Sydney Water from this condition because it is regulated under section 25 of the Act. and to align with requirements of the 2017-2022 licence.
<p>Water allocation accounts</p> <p>18. Retain the requirement for WaterNSW to maintain a water allocation account for customers with licences issued under the <i>Water Act 1912</i> or the <i>Water Management Act 2000</i> (clause 22).</p>	<p> WaterNSW supports the requirement to maintain water allocation accounts.</p>	Nil	<p> CICL supported our proposal to retain the requirement for WaterNSW to maintain water allocations for customers with licences under the <i>Water Act 1912</i> or <i>Water Management Act 2000</i>.</p>	We do not recommend changes to the draft licence condition.
<p>Measuring water supplied, released and extracted</p> <p>19. Retain and clarify the requirement for WaterNSW to determine the volume of water supplied to direct water supply customers and extracted by customers receiving water release services on an annual basis (clause 23).</p>	<p> WaterNSW supports the requirement to measure water supplied, released and extracted.</p>	Nil	<p> CICL supported our draft proposal.</p>	We do not recommend changes to the draft licence condition.




6 Customer support and complaint management






Table 5 Summary of submissions to our draft recommendations for customer support and complaint management



Topic area and our draft recommendations	WaterNSW's response	NSW Government response	Other stakeholder responses	Our final recommendation and how we have addressed stakeholder comments.
<p>Consultation with customers and the community</p> <p>20. Modify the requirements about how WaterNSW consults with its customers so the obligation focuses on the outcomes of the engagement (clause 25).</p> <p>21. Remove the requirement to maintain the Customer Advisory Group (CAG) and include requirements to engage with different customer groups (clause 25(2)).</p>	<p> WaterNSW supports in-principle the requirements contained in draft clause 25 but proposes amendments. WaterNSW supports IPART's decision to increase flexibility around community and customer consultation, which will allow them to better determine community and customer needs for more effective engagement. It also aligns with Hunter Water's licence where Customer Advisory Groups were replaced with a consultation procedure. WaterNSW suggests ways of engaging with customers and the community should be developed in consultation with customers and stakeholders to alleviate concerns that some customers may lose their voice without a prescriptive obligation for CAGs. WaterNSW supports the idea of a requirement that a policy considers regional issues in its engagement.</p>	<p> The NSW Government supports the proposed approach to customer and community engagement and notes that transitioning away from customer advisory groups would allow WaterNSW greater flexibility in how it engages with customers and ensure it represents its diverse customer base and impacted communities.</p> <p> DCCEEW supports our proposal to remove the mandated customer advisory groups and move towards a flexible policy that supports tailored engagement as relevant to various customers and their needs as long as there is ongoing oversight about the effectiveness and inclusion of engagement.</p> <p> DCCEEW notes that the user of the terminology "customers" may be too narrow as there is no clear customer in instances of environmental water.</p>	<p> EWON supported retaining customer engagement requirements, keeping explicit requirements to engage with different customer groups and reducing prescription of how engagement occurs. EWON encouraged consistency across water providers and supported applying equivalent provisions from Clause 29 of the Hunter Water Licence.</p> <p> EWON did not support removing CAGs. It recommended maintaining a similar group as part of the consultation policy as CAGs consist of industry stakeholders and consumer representatives who are well placed to improve customer outcomes.</p> <p> Sydney Water supported our proposed draft obligations.</p>	<p>We recommend changes to the draft licence conditions as follows:</p> <ul style="list-style-type: none"> For an outcome of engagement to be for WaterNSW to understand valley specific and regional issues. To define 'valley' to mean the "Fish River, and the coastal valleys and MDB valleys identified in IPART's <i>Final Determination: Prices for Bulk Water Service from October 2021</i>". Replace "consultation policy" with "engagement policy" and remove the review and report to IPART requirement. <p>We consider that the proposed obligations do not prevent WaterNSW from changing how it engages with customers and the community. Further, it does not prevent WaterNSW from developing engagement methods in consultation with customers and stakeholders.</p> <p>We have updated the terminology from consultation to engagement. We consider engagement encompasses consultation. This is consistent with WaterNSW's suggestion to change the 'consultation policy' to reflect a 'customer and community engagement policy'.</p>

Topic area and our draft recommendations	WaterNSW's response	NSW Government response	Other stakeholder responses	Our final recommendation and how we have addressed stakeholder comments.
	<p>WaterNSW recommends the clause refer to a <i>customer and community engagement policy</i>, rather than a consultation policy.</p>	<p>DCCEEW considers that complaints management processes should be broader than complaints from customers only, noting that WaterNSW may receive complaints in relation to planned environmental water (PEW) or held environmental water (HEW) from the community, environment groups and landowners.</p>	<p> NSWIC did not support reduced prescription and allowing WaterNSW to develop a model for engagement. NSWIC considered that the group approach for the upcoming Pricing Determination has not worked well and suggested that the licence include prescriptive requirements for engagement. NSWIC consider this would promote accountability and build trust. NSWIC also suggested requiring WaterNSW to target customers via engagement separate to broader community consultation as productive water users carry a significant burden of WaterNSW water management costs.</p> <p> NSWIC supported the requirement for WaterNSW to develop a public policy for consultation, and for WaterNSW to continue to engage with its CAGs. NSWIC was concerned that applying provisions from the Hunter Water Licence could result in customer voices being diluted by other stakeholder groups despite those groups not being directly affected by costs. NSWIC considered that WaterNSW must identify, prioritise and address customer feedback over the general public.</p> <p> NSWIC suggested that WaterNSW evaluate the function and layout of CAG meetings and suggested that WaterNSW engage with CAG members to provide critical information, receive feedback, determine how customers should be engaged with and determine quality of service and value for money to customers.</p>	<p>Response to other submissions We do not propose changes to the use of 'customer' in light of planned and held environmental water. We disagree that 'customer' is too narrow with respect to customer complaints. DCCEEW can raise concerns related to PEW/HEW releases via avenues outside of the CAGs. We consider that where the environment is a customer, WaterNSW should engage with DCCEEW as the representative of the environment. We consider that the timeline is clearly defined, and transparent reporting is required annually. Stakeholders can provide input into the next review of the licence. Our recommended approach does not prevent WaterNSW from continuing to engage via CAGs if this leads to better customer outcomes, and improved collaboration and engagement. WaterNSW is not prevented from consulting with water users prior to commencing major projects, or where there is a change to project scope/cost where the costs are passed to water users.</p>



Topic area and our draft recommendations	WaterNSW's response	NSW Government response	Other stakeholder responses	Our final recommendation and how we have addressed stakeholder comments.
			<p> Lachlan Valley Water considered that WaterNSW should be required to consult with water users prior any major project or change to scope/cost of a project where the costs are passed to water users.</p> <p> NSW Farmers consider that there is an opportunity to improve customer engagement on issues. NSW Farmers noted that it is critical for WaterNSW to improve relationships with all stakeholders with river management responsibility, and to consult with communities to consider local knowledge to assist with decision-making.</p> <p>NSW Farmers considered that WaterNSW should look for avenues to expand face-to-face services to customers. Proper resourcing should also extend to standard service offerings like water access licence applications, with a focus on ensuring timely approval turnarounds.</p> <p>NSW Farmers considers it essential that productive agriculture water users are a key stakeholder and that local papers are still critical information sources for regional communities. They can also be an avenue for WaterNSW to engage with customers.</p>	<p>We also have proposed that the condition be outcomes-focused to allow WaterNSW to determine the most efficient manner to engage with customers and community. This could include face to face opportunities or notifications in newspapers. We have not prescribed this in the licence to not add to the burden on WaterNSW, however this does not prevent WaterNSW from considering these ideas when developing its policy.</p>

Topic area and our draft recommendations	WaterNSW's response	NSW Government response	Other stakeholder responses	Our final recommendation and how we have addressed stakeholder comments.
<p>Customer service charter</p> <p>22. Modify the requirement for WaterNSW to have a customer service charter (clause 24).</p>	<p> WaterNSW supports the customer service charter requirement.</p>	<p> DCCEEW recommends including a service charter, notification requirements and complaints handling procedure relating to the release of planned environmental water (PEW) and held environmental water (HEW). This will need to consider complaints from members of the public and affected landowners.</p>	<p> CICL supports our draft recommendations for this part of the licence.</p>	<p>We do not recommend changes to the draft licence condition. We consider that the proposed customer service charter under clause 24 and complaints handling procedure under clause 28 of the recommended licence allows WaterNSW to include environmental releases as required.</p>

Topic area and our draft recommendations	WaterNSW's response	NSW Government response	Other stakeholder responses	Our final recommendation and how we have addressed stakeholder comments.
<p>Code of practice on payment difficulties</p> <p>23. Retain the requirement for WaterNSW to have, and carry out its activities in accordance with a code of practice on payment difficulties and to make it available online (clause 26).</p>	<p> WaterNSW generally supports our draft recommendations. However, it does not support the requirement to provide the code of practice to customers within one business day as it is not sufficient time for such correspondence to be delivered by post. It considers that making the code publicly available and referring relevant customers to the code is more practical and efficient.</p>	<p>Nil</p>	<p> CICL supports our draft recommendations for this part of the licence.</p>	<p>We recommend changes to the draft licence conditions as follows:</p> <ul style="list-style-type: none"> Remove the requirement for WaterNSW to update its code of practice within 10 days of the variations taking effect. This is now a general requirement under licence clause 59(1)(a). <p>Response to other submissions</p> <p>The draft licence required WaterNSW to provide information about the payment difficulty code of practice to financial hardship customers within one business day of the day that WaterNSW identified hardship. We have not prescribed the manner and form in which WaterNSW must make the code available to relevant customers – i.e. the obligation does not require provision by post. We agree that publishing the code online is more efficient and recommended that WaterNSW makes the code available online.</p>
<p>Family violence policy</p> <p>24. Include a new requirement for WaterNSW to maintain, comply with, publish and notify customers of a family violence policy (clause 27).</p>	<p> WaterNSW recommends amending the clause to limit the obligation to those which fall within the sphere of WaterNSW's control and/or ability to exert reasonable influence over.</p>	<p> The NSW Government (DCCEEW) recommends that we modify consultation requirements to be more outcomes-focused, and outline support (family violence, payment options) and complaints mechanisms available to customers</p>	<p> EWON strongly supports the recommendation. It recommends broadening the scope of the definition of family violence to align with the definition in the <i>South Australian Intervention Orders (Prevention of Abuse) Act 2009</i> which provides broad coverage of the types of relationships within which abuse may occur.</p>	<p>We recommend changes to the draft licence conditions as follows:</p> <ul style="list-style-type: none"> For customers who own or occupy a residential property, require WaterNSW to provide access to payment assistance options, including the option to miss payments without: <ul style="list-style-type: none"> fees for late or dishonoured payments being charged, services being restricted or legal action being taken, and debts being sold to third parties.

Topic area and our draft recommendations	WaterNSW's response	NSW Government response	Other stakeholder responses	Our final recommendation and how we have addressed stakeholder comments.
	<p> WaterNSW recommends removing or rewording clause 27(2)(c). It stated that the proposed wording was problematic as it does not allow WaterNSW to proactively detect customers who may experience family violence.</p> <p>WaterNSW noted that it can provide protection of private and confidential information, as well as access to payment difficulty processes. However this would ordinarily be done once a person experiencing family or domestic violence discloses that situation.</p> <p>WaterNSW considered that the requirement to proactively detect family violence could result in reputational damage for WaterNSW and undue humiliation, grievance and/or anger for the customer if WaterNSW incorrectly identifies a family violence situation.</p> <p>WaterNSW noted that water users would face a larger relative cost to meet this obligation compared to Sydney Water and Hunter Water who have larger customer numbers,</p>		<p>EWON recommends adding a provision, similar to that proposed in Sydney Water's draft licence, requiring processes for customers experiencing Family Violence to nominate their preferred method of communication and when they can be contacted.</p> <p>NSWIC strongly suggests that the NSW Government should pay the cost of this provision in its entirety due to the broader public benefit of this provision.</p> <p> CICL does not support this condition. CICL considers that as WaterNSW is a bulk water supplier of services to specific work approvals, these issues should be captured in WaterNSW payment and privacy policies.</p>	<ul style="list-style-type: none"> Broaden the definition of 'family violence' consistent with the definition of 'domestic abuse' in the <i>Intervention Orders (Prevention of Abuse) Act 2009 (SA)</i>. <p>Response to other submissions</p> <p>We acknowledge WaterNSW's submission in relation to clause 27(2)(c), however we continue to recommend that the licence require WaterNSW to minimise the need for individuals to disclose their family violence. We also recommend that customers do not have to provide evidence of their family violence. People who identify as vulnerable customers should be provided with appropriate protections. WaterNSW is required to take steps to ensure that their status as individuals experiencing family violence is accurate, appropriately recorded and communicated within the organisation.</p> <p>We also recommend that the operating licence should require WaterNSW to provide individuals facing family violence with access to payment assistance options, and these options may be above those provided to other customers facing payment difficulty.</p>






Topic area and our draft recommendations	WaterNSW's response	NSW Government response	Other stakeholder responses	Our final recommendation and how we have addressed stakeholder comments.
	<p>WaterNSW understands that Sydney Water introduced individual case managers, among other actions, to address a minor shortcoming in a recent audit relating to this provision within its licence. This would not be a cost-effective option for WaterNSW given its smaller customer base.</p> <p>WaterNSW considers that IPART's CBA significantly underestimated the cost of the Family Violence Policy.</p> <p>WaterNSW notes that its current systems do not allow it to store confidential information or to lock accounts. It considers that it would be very difficult to meet the obligation until its Customer Relationship Management System (CRM) is in place. The CRM is in preliminary stage of development and is estimated to cost around \$1.6 million.</p> <p>WaterNSW seeks guidance on what actions are appropriate to meet the obligation and proposed a timeframe of at least 2 years from the commencement of the Licence to meet actions, secure funding and develop appropriate processes.</p>			<p>We acknowledge NSWIC and CICLS concerns about the costs associated with this condition. There could be more than one option for how licence obligations are funded. The benefits of protecting vulnerable people are significant and should therefore be included in the licence.</p> <p>We recognise the challenges that WaterNSW will have in implementing this policy, but we agree with EWON that the risks to family violence sufferers outweigh these. The obligation allows for interim processes which means an interim policy can be put into place if need be. The policy can be updated over time as systems are updated.</p> <p>We also note that the obligation relates to customers. Family violence impacting WaterNSW's employees is managed under separate frameworks.</p>

Topic area and our draft recommendations	WaterNSW's response	NSW Government response	Other stakeholder responses	Our final recommendation and how we have addressed stakeholder comments.
<p>Internal complaints handling</p> <p>25. Modify the requirement to maintain an internal complaint handling procedure to reflect the revised standard for complaints handling and include new requirements for WaterNSW to provide a summary of the process on its website and provide a copy to anyone that requests it (clause 28).</p>	<p> WaterNSW supports the requirements for internal complaints handling.</p>	<p> DCCEEW recommends including a complaints handling procedure relating to the release of PEW and HEW. This will need to consider complaints from members of the public and affected landowners.</p>	<p> CICL supports our draft recommendations for this part of the licence.</p>	<p>We recommend changes to the draft licence conditions as follows:</p> <ul style="list-style-type: none"> • Requiring WaterNSW to notify all customers (other than drinking water suppliers) that a summary of its internal complaints handling procedure is publicly available online, at least once each financial year, to be consistent with other licence conditions. • Correction to incorrect naming of the 2022 standard from AS/NZS to AS only.







Topic area and our draft recommendations	WaterNSW's response	NSW Government response	Other stakeholder responses	Our final recommendation and how we have addressed stakeholder comments.
<p>Energy and Water Ombudsman NSW (EWON)</p> <p>26. Retain the requirement for WaterNSW to be a member of EWON and make publicly available online contacts and details of resolution services provided by EWON (clause 29).</p>	<p> WaterNSW suggests the use of a more flexible approach that refers generically to a dispute resolution scheme. This could be similar to that adopted for Hunter Water in its last end-of-term review.</p>	<p>Nil</p>	<p>EWON encouraged consistency across water providers and supported applying equivalent provisions from Clause 29 of the 2022-27 Hunter Water licence, including the requirement to develop a consultation policy.</p> <p> CICL supports our draft recommendations for this part of the licence.</p>	<p>We recommend changes to the draft licence condition as follows:</p> <ul style="list-style-type: none"> Amend to establish consistency and adopt a more flexible approach by allowing for "an alternative external dispute resolution scheme."
<p>Promoting cooperative relationships with other stakeholders</p> <p>47. Modify the requirement for WaterNSW to cooperate with WIC Act licensees that seek to establish a code of conduct with WaterNSW and comply with any code of conduct entered (clause 30).</p> <p>48. Do not impose a requirement for WaterNSW enter into a MOU, protocol or policy to manage its relationships with local water utilities.</p>	<p> WaterNSW support the code of conduct requirement in clause 30.</p>	<p>Nil</p>	<p> CICL supported our draft obligations for this part of the licence. CICL did not provide a view on our proposal not to impose a requirement for WaterNSW to enter into an agreement to manage its relationship with local water utilities.</p>	<p>We do not recommend changes to the draft licence conditions.</p>




7 Catchment and river health


Table 6 Summary of submissions to our draft recommendations for catchment and river health

Topic area and our draft recommendations	WaterNSW's response	NSW Government response	Other stakeholder responses	Our final recommendation and how we have addressed stakeholder comments.
<p>Managing catchments across NSW</p> <p>27. Retain the requirement for WaterNSW to manage and protect declared catchment areas only (clause 31).</p> <p>28. Include a new requirement that requires WaterNSW to publicly report on the health of the catchments by 30 November each year (clause 52).</p>	<p> WaterNSW supported clause 31.</p> <p> WaterNSW supported cl52 with changes:</p> <ul style="list-style-type: none"> Clarify if the scope is for declared catchments only. WaterNSW considers it would be difficult to comply with this obligation extending to the non-declared areas as it is not responsible for the catchment in those areas. Clarify the report that is required. It considered that a catchment report may duplicate the declared catchment health audit (under section 42 of the <i>WaterNSW Act</i>). Annual reporting is unnecessary and a longer reporting cycle would be more useful. The reporting manual introduces a requirement to monitor and assess trends annually but no indicators are specified. WaterNSW considered a 3-5 year reporting cycle would be more meaningful. 	<p> The NSW Government supported our draft licence obligation to retain WaterNSW's existing catchment management obligations. Namely, to keep catchment management restricted to the declared catchment areas only.</p>	<p> NSWIC supports the requirement for WaterNSW to manage and protect declared catchment areas only (draft clause 31).</p> <p> CICL did not support including a requirement for WaterNSW to publicly report on the health of the catchments annually due to regulatory overlap with over government agencies.</p>	<p>We recommend changes to the draft licence conditions as follows:</p> <ul style="list-style-type: none"> We have moved the reporting obligation related to catchment management in the licence to clarify that this report relates to catchment management. We recommend strengthening the framework by bringing Reporting Manual requirements into the licence. <p>We agree that WaterNSW would not be able to comply with the obligation outside of the declared catchment areas as it is not responsible for catchment management there. This approach is consistent with our intended policy position.</p> <p>Response to other submissions</p> <p>The proposed "catchment health annual report" under clause 52 of the licence is intended to replace the current annual report on catchment management required under section 2.1.3 of the current reporting manual (the reporting requirement does not currently have an explicit corresponding obligation in the licence). There is potential for confusion around use of the terminology "catchment health report" in the licence (particularly in light of the 3-yearly catchment health audit). We recommend requiring WaterNSW to provide an annual catchment management report. There is benefit in an annual report, given the</p>

Topic area and our draft recommendations	WaterNSW's response	NSW Government response	Other stakeholder responses	Our final recommendation and how we have addressed stakeholder comments.
	<ul style="list-style-type: none"> • In relation to alignment of reporting under the licence and the reporting manual, WaterNSW suggested harmonising catchment management activity obligations and outcomes such as: <ul style="list-style-type: none"> - variances and reasons - research completed by WaterNSW - education completed by WaterNSW - progress updates on Catchment and Licence Audits. <p>WaterNSW suggests that a more flexible approach to reporting, by adopting digital reporting elements, be considered as part of this clause.</p>			<p>relative maturity of WaterNSW's licence. We will reconsider if an annual report continues to be required at the next licence review.</p> <p>Appendix C of the reporting manual specifies relevant catchment health indicators.</p> <p>The licence does not prescribe the manner and form that WaterNSW must submit its reports to us. We consider that WaterNSW can streamline its reporting and provide one consolidated report to us if it is more efficient for it to do so.</p> <p>An annual report is appropriate for compliance (vs digital reporting) to allow us to manage compliance as it provides an auditable record.</p> <p>We do not recommend removing the obligation for WaterNSW to publicly report on the health of the catchment annually. There is benefit in WaterNSW providing a concise public report on the health of its catchments.</p> <p>The report WaterNSW prepares on catchment management relates to the catchments it manages and actions it takes in the catchment. We do not anticipate this report will duplicate reports delivered by other agencies.</p>



Topic area and our draft recommendations	WaterNSW's response	NSW Government response	Other stakeholder responses	Our final recommendation and how we have addressed stakeholder comments.
<p>Research on catchments and river health</p> <p>29. Modify the scope of the requirement for WaterNSW to undertake catchment research to include the non-declared catchment areas and associated rivers with an aim to improve the health of WaterNSW's catchments and rivers, ultimately bettering water quality (clause 32).</p>	<p> WaterNSW considers that a broader research program will ensure the licence better aligns with objectives under Act. It also considers expanding the remit would enable research to better align with work already undertaken in non-declared catchments. For example, WaterNSW could focus on research that support its functions, as well as water quality and health risks. A broader research program would enable WaterNSW to exhibit a greater sense of social responsibility and allow it to understand the needs and interests of the range of communities in which it operates.</p> <p> WaterNSW supported the obligation that research must support its functions to prevent duplication with the work done by other agencies while supporting collaboration opportunities. WaterNSW noted that this would align with WaterNSW's work in declared catchments.</p> <p> WaterNSW emphasised the need for sufficient funding from Government (e.g. via a CSO) or the price determination process.</p>	<p> The NSW Government supported our draft licence obligation and noted that WaterNSW's research program should focus on priority areas. The NSW Government noted that if WaterNSW's research programs focus on priority areas, where there are clear gaps, the benefits would outweigh the costs.</p>	<p> NSWIC does not support modifying the scope of the requirement to undertake catchment research to the non-declared catchment areas due to uncertainty about benefits and costs. NSWIC noted that the IPART Discussion Paper indicates that government water agencies such as Local Land Services (LLS) and Department of Climate Change, Environment, Energy and Water (DCCEE) already hold roles and responsibilities to manage non-declared catchment areas. Preliminary indications suggest a net disbenefit of -\$46.9 million. This is a significant cost likely to be assigned to customers for unknown benefit, particularly given WaterNSW would be simply duplicating much of the research and programs already undertaken by other, specialist local, State and federal agencies.</p> <p> CICL did not support expanding WaterNSW's research requirements to include the non-declared catchment areas and associated rivers. CICL considered there would be regulatory overlap between WaterNSW and other state and federal government agencies. CICL also raised concern that our CBA identified uncertainty in the costs and benefits of this obligation.</p>	<p>We recommend changes to the draft licence conditions as follows.</p> <ul style="list-style-type: none"> • Requiring a strategy, setting the prioritisation framework for research across its area of operations. • Require a program of research. • Require WaterNSW to submit one report on its research outcomes over (at least) the previous 15 months, due 30 June 2027. This will allow us to consider the key research findings as an input to the next licence review. • Include a new obligation to require WaterNSW to identify how it will engage with relevant stakeholders to identify collaboration opportunities and to avoid duplicating research already being undertaken. • Revise requirements around when WaterNSW must deliver the strategy by, to align with our price determination process. We consider that this will allow WaterNSW sufficient time for it to consider the outcomes of the determination in the development of its research strategy and prioritisation for the associated program. <p>Our revised approach seeks to address the cost concerns raised by stakeholders.</p> <p>Response to stakeholder feedback We consider that WaterNSW's actions across both regulated and unregulated rivers should be considered for research purposes.</p>

Topic area and our draft recommendations	WaterNSW's response	NSW Government response	Other stakeholder responses	Our final recommendation and how we have addressed stakeholder comments.
	<p>WaterNSW sought clarification about the use of "downstream" in the licence. It noted that if the intent was to limit its obligations to regulated rivers, the wording would need changes to limit the geographic scope as the Greater Sydney system is not considered a regulated river.</p> <p>WaterNSW noted that implementing research findings for Menindee does not solely rest with WaterNSW and is subject to a whole of Government response and action plan. WaterNSW was concerned that referencing the review would place emphasis on that aspect of research, at the detriment of others.</p>			<p>We have removed the requirement for WaterNSW to implement the research findings to address the recommendations made by the NSW Government's Chief Scientist & Engineer with respect to the Independent review into the 2023 fish deaths in the Darling-Baaka River at Menindee. The development of a strategy in the licence would delay implementation of findings from the research program, which could be perceived as endorsement to delay implementing the review findings.</p>
<p>Community education</p> <p>30. Modify the requirement for WaterNSW to undertake an educative role to maintain an ongoing community education program for non-declared catchment areas and downstream rivers (clause 33).</p>	<p> WaterNSW considers education allows it to improve community understanding of water resources and river systems and increase water literacy across the state.</p> <p>WaterNSW recommended amending the obligation to ensure the broader scope of its educational remit is reflected in the educational objectives that WaterNSW is expected to deliver.</p>	<p> The NSW Government supported our draft licence obligation. The NSW Government noted that it expects WaterNSW to collaborate with relevant agencies to ensure that WaterNSW's education programs compliment programs which other agencies are responsible for (e.g. DCCEE's Reconnecting River Country Program).</p> <p>The NSW Government noted that if WaterNSW's education programs focus on priority areas, where there are clear gaps, the benefits would outweigh the costs.</p>	<p> NSWIC supports the recommendation and suggests it should also include outcomes for customers, including improving water literacy, and by using customers' preferred methods of communication.</p> <p>NSWIC suggests that educational programs should be available across all catchments where WaterNSW customers are located.</p>	<p>We recommend changes to the draft licence conditions as follows. Our revised approach seeks to address the cost concerns raised by stakeholders.</p> <p>We have substantially amended the clause by requiring a strategy and allowing for prioritisation of highest priority catchments and river systems, projects and activities for the corresponding programs across its area of operations.</p>


Topic area and our draft recommendations	WaterNSW's response	NSW Government response	Other stakeholder responses	Our final recommendation and how we have addressed stakeholder comments.
	<p>WaterNSW noted that a broader educational program should be relevant to the community it is delivered to and not duplicate other agencies' work.</p> <p>WaterNSW recommended amending the obligation to include a statewide focus and provide flexibility to tailor the program to meet the needs of the region in which the program is delivered.</p> <p>WaterNSW noted that while costs can be calculated in quantitative terms, the benefits of far reaching and positive impacts of education and water literacy are typically qualitative.</p> <p>WaterNSW noted that the ability to develop and deliver an impactful educational program in non-declared catchments relies on funding.</p>		<p> CICL did not support our proposed requirement and noted that WaterNSW's educative role for customers should be delivered through customer service. It also noted that the CBA for this obligation was negative. Finally, CICL considered there would be significant risk of regulatory overlap between WaterNSW's proposed educative role and other state and federal government agencies' education programs.</p>	<p>We have revised requirements around when WaterNSW must deliver the strategy by, to align with our price determination process. We consider that this will allow WaterNSW sufficient time for it to consider the outcomes of the determination in the development of its community education strategy and prioritisation for the associated program.</p>





8 Water conservation and planning

Table 7 Summary of submissions to our draft recommendations for water conservation and planning




Topic area and our draft recommendations	WaterNSW's response	NSW Government response	Other stakeholder responses	Our final recommendation and how we have addressed stakeholder comments.
<p>System yield for the declared catchment areas</p> <p>31. Retain the existing system yield requirements with the following modifications:</p> <ul style="list-style-type: none"> a. clarify the definition of 'in the long term' to mean 30 years b. clarify that WaterNSW must consider climate change impacts, consult with Sydney Water and consider guidance from DPE in determining system yield c. modify the triggers for which WaterNSW must recalculate system yield d. include a requirement for WaterNSW to provide information on system yield and how it was calculated upon request e. include a condition for WaterNSW to make the design criteria publicly available online (clause 34). 	<p> WaterNSW supports the recommendations in-principle but suggests reconsideration of Clause 34(1) to a simulation period of at least 50 years noting that they typically adopt periods longer than 100 years, which are limited based on available historical data. It suggests reverting back to the wording in the current licence.</p> <p>WaterNSW notes that Clause 34 (1)(a) appears to limit the scope to inflows to the catchment infrastructure works in the declared catchment area. However, the model also uses flows received from outside the declared catchment and from the Fish River Water Supply Scheme.</p> <p>WaterNSW seeks clarity on the slight wording changes in 34(3)(b), in particular "...the supply of water in and from the declared catchment area", from the current licence condition of "Supply of water in respect of the Declared Catchment Areas".</p> <p>WaterNSW suggests reverting to the wording in the current licence clause 2.5.1.</p>	<p> The NSW Government supports our draft licence condition. However it suggests that we remove the reference to a time frame (i.e. 30 years) and focus on capturing all available instrumental data, unless climate change studies suggest otherwise, to ensure the hydrological model captures rainfall characteristics as accurately as possible.</p>	<p>Nil</p>	<p>We recommend changes to the draft licence conditions as follows.</p> <ul style="list-style-type: none"> • Amend to require WaterNSW to recalculate system yield with the following modifications: <ul style="list-style-type: none"> – Removed the reference to the 30-year requirement for which the system yield model must be applied. We acknowledge WaterNSW's comments that the simulation period is usually considerably longer (i.e. 100 years) and consider this appropriate. – Revised the obligation to clarify that WaterNSW must consider all inflows to declared catchment areas. – Revised the obligation to also consider system losses impacting water available for supply from declared catchment areas. • We have added a condition requiring periodic review of the model and consultation with customers and stakeholders for that review • Reflect that DCCEEW is the agency that is responsible for the design criteria. • Remove 34(4)(b) of the draft licence as this condition has now been transferred to Sydney Water.


Topic area and our draft recommendations	WaterNSW's response	NSW Government response	Other stakeholder responses	Our final recommendation and how we have addressed stakeholder comments.
	<p>WaterNSW suggests removing clause 34(3)(d), as DCCEEW defines the design criteria and is vested with the power to change the design criteria, not WaterNSW.</p> <p>WaterNSW further suggest removing clause 34(4)(b) as it is better placed in the Sydney Water licence because Sydney Water has the responsibility for supply augmentation planning under the Ministerial decision in 2021. Sydney Water is also responsible for determining demand.</p> <p>WaterNSW supports making information about the system yield, how it was calculated and the design criteria publicly available online in Clause 34(5) and 34(6) as it will improve transparency and efficiency and minimise any future costs of responding to individual information requests.</p>			<p>Response to other submissions</p> <p>We have not changed the recommended licence obligations to reflect the wording in the 2022-2024 licence. We consider the revised proposed wording removes uncertainty about when WaterNSW must recalculate system yield in accessible language.</p> <p>We have amended the licence to require WaterNSW to publish information about the system yield, how it was calculated and the design criteria available on its website. Per WaterNSW's submission, we agree this approach will promote transparency and provide interested stakeholders with a means to access the relevant information in a least-cost way.</p>

Topic area and our draft recommendations	WaterNSW's response	NSW Government response	Other stakeholder responses	Our final recommendation and how we have addressed stakeholder comments.
<p>Water conservation plan</p> <p>32. Include new requirements for WaterNSW to maintain and comply with a 5-year water conservation plan and retain the requirements to maintain a water conservation strategy and water conservation program until it has developed the plan (clause 35).</p>	<p> WaterNSW supports the recommendation but suggests that it only apply in the context of the declared catchment. WaterNSW seeks clarification on clause 35(1), as it is unclear if the intent is to document and report on the costs and volumes specifically for water lost or saved, or is it the costs of the projects, or the value. The first, costs and volumes for water lost or saved would be extremely difficult to provide accurate figures on given environmental factors and the natural infrastructure (i.e. rivers) that WaterNSW use for supply and delivery of water.</p>	<p> The NSW Government supports the recommendation, noting that the inclusion of this obligation will align WaterNSW's licence with other NSW public water utility licences. It considers that our proposed obligation would provide WaterNSW with sufficient flexibility to adapt its approach to water conservation based on context. The NSW Government noted that the benefit of water conservation initiatives would be quantified in the water conservation plan – with only cost-effective activities undertaken. It also noted likely benefits in terms of cost savings from leakage reduction and reducing potential losses from storage and transportation.</p>	<p>Nil</p>	<p>We recommend changes to the draft licence conditions as follows.</p> <ul style="list-style-type: none"> Clarify that the plan is a rolling 5-year plan spanning WaterNSW's area of operations. Amend the reporting years from 2026-2028 to 2026-2027 to align with the 4-year term. Require WaterNSW to report on reasonable estimates of costs and volumes of water saved. This relates to outcomes of the projects (i.e. specifically water lost or saved) not the project costs. This is because we recognise that it might be difficult to report on actual volumes of water saved and the value of that saving. <p>Response to other submissions</p> <p>The obligations under this part of the licence provide WaterNSW with the ability to adjust its approach to water conservation planning based on context. The current licence already requires WaterNSW to develop a Water Conservation Strategy and Program for all WaterNSW area of operations. Therefore, the recommended obligation does not increase burden on WaterNSW.</p>

Topic area and our draft recommendations	WaterNSW's response	NSW Government response	Other stakeholder responses	Our final recommendation and how we have addressed stakeholder comments.
<p>Planning for and managing climate-related risks</p> <p>33. Add new requirements, consistent with the NSW Climate Risk Ready Guide, for WaterNSW to:</p> <ul style="list-style-type: none"> a. designate a climate change risk officer to lead a climate risk assessment team and, if the climate change risk officer is not an executive level appointment, designate an executive level sponsor by 30 November 2024, b. assess Water NSW's current level of climate risk management maturity on the enterprise scale by 30 June 2025, c. meet, on the enterprise scale, a systematic level of climate risk management maturity by 30 November 2026, d. meet, on the enterprise scale, an embedded level of climate risk management maturity by 30 November 2029 (clause 36). 	<p> WaterNSW opposed the draft licence obligations for this part of the licence. WaterNSW recognises that alignment to the NSW Climate Risk Ready Guide is good practice, and that they intend to undertake work regardless of whether a licence obligation is imposed on them. WaterNSW opposes this clause on the basis that there is currently no Government requirement for WaterNSW as a state-owned corporation to implement the Guide, nor are there mandated timeframes for certain actions to be completed. WaterNSW consider it more appropriate for the Government to make policy decisions to mandate implementation, and, if this occurs, to assess WaterNSW's progress in implementing any activities within the Guide. WaterNSW notes that they are in the process of developing a Climate Risk and Adaptation Plan in accordance with the Guide, which also aligns with recommendations of the Taskforce on Climate-related Financial Disclosures (2017).</p>	<p> The NSW Government supported our draft licence obligations requiring WaterNSW to demonstrate how it considers, plans for and manages climate related risks.</p>	<p> NSWIC agrees that the WaterNSW licence should explicitly refer to a climate risk assessment management program. However, WaterNSW should not have to specifically meet the requirements of the 'Climate Risk Ready Guide' due to regulatory duplication. NSWIC considers that water agencies across NSW must prioritise their planning and managing of climate related risks in a transparent and effective way. NSWIC also raised issues around requiring customers to pay for climate risk management. With increasing public interest driving the adoption of higher standards of practice, these two factors result in an increasingly financially unstable environment for water users. The CBA suggests costs associated with the climate-risk management program will likely be modest and relate to the development and operational costs of reporting. These costs, however modest, will affect customers who have a decreased ability to pay.</p> <p> CICL supports WaterNSW planning for climate related risks, however it did not support our draft obligations. CICL recommended redrafting the obligation to require WaterNSW to develop a climate risk assessment management plan.</p>	<p>We recommend changes to the draft licence conditions as follows.</p> <ul style="list-style-type: none"> • Extend the timeframe by 1 year to meet the systematic level of climate risk maturity. • revise the requirement from <i>meeting</i> the embedded level of climate risk maturity to <i>making reasonable progress towards meeting</i> it with an amended timeframe of 30 June 2028 to reflect the revised licence term. <p>Response to other submissions</p> <p>We considered WaterNSW's concerns about including requirements to implement the NSW Climate Risk Ready Guide. While we understand that WaterNSW has commenced work in this area and plans to continue to do so, we consider that action on climate change is important and an obligation in this area will provide WaterNSW with certainty about what is required of it. We seek to ensure that regulated entities are managing climate risks in their operations and planning. WaterNSW is already in the process of developing a Climate Risk and Adaptation Plan in accordance with the Guide. This condition ensures that WaterNSW follows a reasonable timeframe for this. To require an alternate type of climate risk assessment management plan would place extra burden on WaterNSW for little gain.</p>





Topic area and our draft recommendations	WaterNSW's response	NSW Government response	Other stakeholder responses	Our final recommendation and how we have addressed stakeholder comments.
<p>Greater Sydney Drought Response Plan</p> <p>34. Modify the requirements relating to the Greater Sydney Drought Response Plan to require WaterNSW to:</p> <ul style="list-style-type: none"> a. cooperate with Sydney Water to jointly review the Greater Sydney Drought Response Plan b. implement actions under the Greater Sydney Drought Response Plan that are assigned to it or jointly assigned to it with Sydney Water c. clarify the obligation to update the Greater Sydney Drought Response Plan with Sydney Water using a best endeavours approach d. include a requirement to submit the updated Greater Sydney Drought Response Plan to DPE (clause 37). 	<p> WaterNSW supports our draft licence conditions but requested some specific amendments, for consistency with equivalent obligations under the Sydney Water licence.</p>	<p> The NSW Government generally supports our draft licence obligations related to the Greater Sydney Drought Response Plan (DRP). However, DCCEEW (the Department) requested the following changes to the proposed obligation:</p> <ul style="list-style-type: none"> • Require WaterNSW to also cooperate with the Department (and not just Sydney Water) to review the DRP. • Require WaterNSW to submit the DRP and report explaining the outcome of the review to the Department instead of the Minister. • Amend the obligation to allow sufficient flexibility in WaterNSW's implementation of the DRP. The NSW Government noted that this would allow WaterNSW to better adapt to the climactic conditions (namely, drought) and be consistent with drought governance arrangements. 	<p>Nil</p>	<p>We recommend changes to the draft licence conditions as follows.</p> <ul style="list-style-type: none"> • Require WaterNSW to develop an agreed approach to the review of the DRP with Sydney Water and to consult with the Department. • Amend the obligation requiring WaterNSW to cooperate with Sydney Water when reviewing the DRP to include consultation with the Department. • Remove the requirement for WaterNSW to implement all actions in the DRP that are assigned to it. • Remove the requirement for WaterNSW to agree on an updated DRP with Sydney Water • Remove the requirement to submit a draft updated DRP to the Department for comment at least 30 business days before submitting it to the Minister. We consider any review of the plan will be undertaken in consultation with the Department, negating the need for the licence to mandate this. <p>Our approach importantly aligns the WaterNSW licence with equivalent obligations under the Sydney Water licence.</p>



Topic area and our draft recommendations	WaterNSW's response	NSW Government response	Other stakeholder responses	Our final recommendation and how we have addressed stakeholder comments.
<p>Water supply augmentation planning</p> <p>35. Include a new requirement that WaterNSW maintain an MOU with Sydney Water to cooperate on water supply augmentation (clause 38).</p>	<p> WaterNSW generally supports our draft obligations but proposed the following amendments:</p> <ul style="list-style-type: none"> • Clause 38(2)(c) – remove the requirement as this obligation sits with Sydney Water. • Clause 38(2)(d) - remove the requirement for Board approval as WaterNSW's internal governance ensures that the Board is informed of, and where relevant approves, key supply augmentation decisions and potential implications for WaterNSW. 	<p>Nil</p>	<p>Nil</p>	<p>We recommend changes to the draft licence conditions as follows.</p> <ul style="list-style-type: none"> • Remove the requirement for WaterNSW to seek approval of its WaterNSW Board for supply augmentation options that may impact WaterNSW. WaterNSW has internal governance processes which ensure that the Board remains informed of relevant issues to inform its decision-making ability. The licence does not need to mandate this. • Remove the requirement for WaterNSW and Sydney Water to obtain Board approval for water supply augmentation options that may have implications for WaterNSW.
<p>Long-term capital and operational plan (LTCOP)</p> <p>36. Modify the requirement to maintain a LTCOP and remove the requirements to implement actions under the Greater Sydney Water Strategy.</p> <p>a. revise the requirement for WaterNSW to maintain a LTCOP</p> <p>b. remove requirements for WaterNSW to implement actions under the Greater Sydney Water Strategy</p>	<p> WaterNSW generally supports our draft licence obligations but sought some amendments for consistency with equivalent obligations under the Sydney Water licence</p>	<p> The NSW Government supports our draft licence obligations and considers there is value in allowing WaterNSW flexibility to determine the appropriate time for review of the LTCOP (i.e. to support pricing determinations or in response to other external factors).</p> <p>The NSW Government considered that the licence does not need to dictate WaterNSW's internal approvals and processes. The NSW Government recommended removing clause 39(3)(c) and 39(3)(d).</p>	<p>Nil</p>	<p>We recommend changes to the draft licence conditions as follows.</p> <ul style="list-style-type: none"> • Add a requirement to consult with the Department. • Alter review dates to align with the 4-year licence term. • Clarify that the LTCOP must be reviewed once during the licence term. • Include a new obligation requiring WaterNSW to also cooperate with the Department (and not just Sydney Water) when reviewing the plan. • Complete its review of the LTCOP within the timeframe requested by the Minister. • Remove the requirement to submit a draft updated plan to the Department before submitting it to the Minister as any review of the plan will be done in consultation with the Department, negating the need for the licence to mandate this.

Topic area and our draft recommendations	WaterNSW's response	NSW Government response	Other stakeholder responses	Our final recommendation and how we have addressed stakeholder comments.
<p>c. remove the condition specifying the directions from the Minister to WaterNSW to implement actions under the Greater Sydney Water Strategy (clause 39).</p>				<ul style="list-style-type: none"> Remove the requirement to obtain Board approval. WaterNSW has internal governance processes which ensure that the Board remains informed of relevant issues to inform its decision-making ability. Therefore, the licence does not need to mandate this.
<p>Flood mitigation and management</p> <p>37. Retain the authorisation to undertake flood mitigation and management in all areas of New South Wales, except for the Sydney catchment area as defined by the Act (clause 5(1)(l)).</p>	<p>Nil</p>	<p>Nil</p>	<p> CICL supported our draft licence obligations.</p>	<p>We do not recommend changes to the draft licence condition.</p>



9 Data management and access







Table 8 Summary of submissions to our draft recommendations for data management and access

Topic area and our draft recommendations	WaterNSW's response	NSW Government response	Other stakeholder responses	Our final recommendation and how we have addressed stakeholder comments.
<p>Data Management System</p> <p>38. Include a new obligation requiring WaterNSW to maintain and comply with a data management system that includes a data governance policy, data quality policy, and a data sharing policy (clause 41).</p>	<p> WaterNSW provided in-principle support and noted that successful delivery is contingent on funding. WaterNSW suggested amending the wording to reference a data management "framework" instead of system to avoid confusion with the ordinary meaning of "system". WaterNSW opposes that data is "fit for purpose, including enforcement action" and noted concerns with cost and time required to collect and maintain "evidentiary grade" data across all datasets. It noted that data collection is frequently impacted by natural disasters and historic data is often not possible to fix. The licence should capture the distinction between 'historic' and 'future' data. Given cost implications of fit for purpose data, it recommended requiring that data be assigned a Data Quality Statement enabling users to assess what that data is best suited for.</p>	<p> The NSW Government supports our draft requirements but noted that implementation of the DMS and hub is contingent on funding. DCCEEW recommended keeping existing data sharing agreements until WaterNSW makes sufficient progress on the DMS and hub. DCCEEW noted it needs certain data for water sharing plans. If this cannot be managed through the hub, the data sharing agreements need to remain. NSW Government suggested that the licence could describe DMS requirements as 'system, process and procedures' and recommended developing and maintaining the system in consultation the DCCEEW Water Group and NRAR. NSW Government supported the idea of 'fit for purpose' data but stated WaterNSW should provide clear statements about issues or gaps.</p>	<p> NSWIC consider that while it is desirable to productive water users to require WaterNSW to establish a DMS, NSWIC considers that it has unresolved issues affecting the maintenance of customer records, maintenance of the water registry, and collection and sharing of data and knowledge for use by other agencies such as NRAR and DCCEEW-, which continues to erode trust in WaterNSW's capacity to fulfill this role.</p> <p> For NSWIC, of particular benefit is the requirement for a data quality policy that identifies, classifies and remediates poor-quality data; and a data sharing policy that details the types of data and information WaterNSW shares with third parties on request, and how to request such data. NSWIC considers that this requirement would provide significant streamlining of NRAR activities which, if realised, is of great benefit to industry. NSWIC considers that the benefit of this requirement across multiple government water agencies and customers should be recognised in the apportionment of costs.</p>	<p>We recommend changes to the draft licence conditions as follows.</p> <ul style="list-style-type: none"> • Require WaterNSW to maintain and comply with a Data Management Framework (DMF) rather than a data management system to prevent confusion with IT systems. • Amend the condition to ensure policies apply to data collected after the policies come into effect. This means that historic data is managed through the procedures for resolving data quality concerns and identifying and remediating deficiencies in data quality (e.g. removing terms like 'all data'). • For the DMF to have 2 data sharing policies to clarify requirements for government agencies / third parties. • Provide a process for resolving data access concerns raised by NSW Government agencies. • Remove the sampling program. Our audits would check WaterNSW's compliance with the requirements. • Clarify what the data quality policy must address. • Clarify that WaterNSW should provide data that is fit for purpose when it is reasonable and within WaterNSW control.


Topic area and our draft recommendations	WaterNSW's response	NSW Government response	Other stakeholder responses	Our final recommendation and how we have addressed stakeholder comments.
	<p>WaterNSW suggested that the licence could require a Data Quality Improvement Program (DQIP) for deficient data. This should have agreed targets (standards and metrics) for data quality, accuracy and continuity and would require funding and reasonable timeframes to address data quality issues.</p> <p>The use of Data Quality Statements (DQS) would permit external agencies to assess data accuracy, continuity and reliability. The DQS could be amended to require a DQIP if requested by an external agency.</p> <p>WaterNSW noted that if IPART intends for WaterNSW to comply with the National Water Information Standards under the <i>Water Act 2007 (Cth)</i> and the National Industry Guidelines for Hydrometric Monitoring then the licence should clarify this.</p> <p>WaterNSW recommended best endeavours for the 1 July 2025 date for the DMS/DMF.</p> <p>WaterNSW sought clarity on:</p> <ul style="list-style-type: none"> Requiring metadata for "all data" noting that this is a broad requirement as "all data" is not defined. WaterNSW suggested revising the provision to recognise legacy issues. If "poor quality" is intended to apply a statement that 	<p> NRAR supported the inclusion of the DMS but suggested including timelines for the delivery of the sub products of the DMS and requested input by the key data users in its development and review.</p> <p>NRAR considers that as data custodian, WaterNSW should be accountable for the dataset and cannot delegate accountability. NRAR requested that the licence reflect this.</p> <p>NRAR suggested:</p> <ul style="list-style-type: none"> the Data Governance Policy should be consistent with <i>NSW Custodianship Guidelines for Spatial Data (2018)</i>. the proposed clause 41(1) be amended to incorporate a requirement that the data governance and management policy is consistent with the water sector Roles and Responsibility Agreement (RRA) and that the obligation require the final product be approved and accepted by NRAR. <p>NRAR agree with the inclusion of Clause 41(b) and agrees that data statements should be applied at the data element level or at a minimum data set level.</p>	<p> CICL provided qualified support for the inclusion of this obligation. CICL noted that while data governance standards are important, CICL considered that WaterNSW and other relevant agencies should do additional work in relation to data governance, quality etc. CICL noted that WaterNSW should work with government agencies to resolve data ownership and management issues. Finally, CICL considered that water users should not fund resolution of issues caused by changes to government policy.</p>	<ul style="list-style-type: none"> Include an allowance for sharing data that is not fit for purpose for reasons outside of WaterNSW control with clear caveats. Amend the requirement for data quality statements to be applied to the data set or the data element level. If agencies require quality statements at a granular level, these requirements can be negotiated with WaterNSW. <p>Response to other submissions</p> <p>We consider there are significant benefits to the DMF and anticipate it will offer efficiencies and ensure data users have access to quality data as required.</p> <p>We have retained the requirement that the data quality policy should ensure data is fit for purpose, including use for enforcement action. The term 'fit for purpose' does not mean all data would need to be collected and managed at that standard. The intent is that consideration is given to the intended use of the data, and any secondary uses for the data, so appropriate care is taken.</p> <p>We do not require that the DMF is consistent with the National Water Information Standards under the <i>Water Act 2007 (Cth)</i> and the National Industry Guidelines for Hydrometric Monitoring. If there are competing objectives, it will be impossible to comply with that condition. If WaterNSW considers there is benefit in the DMF aligning with these additional standards and</p>




Topic area and our draft recommendations	WaterNSW's response	NSW Government response	Other stakeholder responses	Our final recommendation and how we have addressed stakeholder comments.
	<p>agencies can use to determine if data is suitable for their purposes.</p> <ul style="list-style-type: none"> • If 'remediated' is intended to ensure data is suitably fixed to a level for use by other agencies. • What 'data element' means. • The purpose and scope of the annual sampling program. WaterNSW noted that auditing this would result in operational expenses. 	<p>NRAR considered that the Data sharing policy does not meet its needs. NRAR's data needs extend beyond the data needs of the public and must be fit for purpose to enable NRAR to deliver its statutory enforcement functions.</p>		<p>guidelines, we encourage them to incorporate them into the DMF. We do not require the Data Governance Policy to be consistent with the NSW Custodianship Guidelines for Spatial Data (2018) as guidelines can change and or contracts may result in a non-compliance.</p> <p>The data sharing policy for sharing data with government agencies addresses the NSW Government's concern about access to data that may not be available in different IT systems. The policy must ensure that agencies have access to data and information relevant to their functions. However, the DMF is not required to be implemented until 1 July 2025. Therefore, we added an obligation for WaterNSW to maintain existing data sharing agreements until the DMF is implemented.</p> <p>We do not consider there is a need to include a best endeavours clause. The development of the DMF is within WaterNSW's control and there is adequate time permitted in the licence to do so. We do not agree that NRAR should have a role in approving WaterNSW's internal policies and procedures, or that the licence should require WaterNSW to consult in developing DMF policies. We expect that WaterNSW would consult with agencies to determine what data they need to access and how. Our compliance audits would check WaterNSW meets the objectives in the policies.</p>

Topic area and our draft recommendations	WaterNSW's response	NSW Government response	Other stakeholder responses	Our final recommendation and how we have addressed stakeholder comments.
<p>The duly qualified persons (DQP) portal</p> <p>39. Remove all obligations related to the DQP portal.</p>	<p>Nil</p>	<p> NRAR does not support the removal of the DQP portal conditions from the licence, until the information hub is operational. NRAR considers the DQP portal clauses are necessary to ensure business continuity. NRAR suggests that the licence require WaterNSW to maintain the DQP portal until the Water Information Hub delivers all required data.</p>	<p> CICL supports removing obligations related to the DQP portal.</p>	<p>The data governance and management policy must be consistent with the NSW Data Custodianship Policy and the <i>State Records Act 1998</i>. Therefore, we consider that the licence reflects WaterNSW's role as data custodian. Additionally, the RRA can be changed at any time by agreement of the parties - the data governance and management policy does not need to be consistent with the RRA. We consider that there could be more than one option for how licence obligations are funded. This is subject to the pricing determination.</p> <p>We do not recommend changes to the draft licence condition.</p> <p>Response to submission</p> <p>We consider that the condition to maintain a system to allow government agencies to access data and information, relevant to their functions under the DMF condition, provides sufficient access to the DQP portal as well as any other systems NRAR requires access to. This condition replaces the draft condition requiring the delivery of a water sector information hub.</p>

Topic area and our draft recommendations	WaterNSW's response	NSW Government response	Other stakeholder responses	Our final recommendation and how we have addressed stakeholder comments.
<p>Data sharing agreements with DPE and NRAR</p> <p>40. Remove the requirements for WaterNSW to maintain data sharing agreements with DPE and NRAR.</p>	<p>Nil</p>	<p> NRAR does not support the removal of the requirement for a data sharing agreement (DSA) with NRAR until all components of the data management system and information hub are delivered, implemented and accepted by NRAR. NRAR requires certainty that current access to data and systems will not be interrupted while improvements are delivered.</p>	<p> CICL does not support the recommendation. CICL notes that issues related to data management, governance etc. is ongoing. It also noted that WaterNSW can only comply with data and information sharing requirements if other relevant agencies fully cooperate. CICL also stated that while it supports making improvements to data, it noted that the proposed licence conditions in this space should avoid duplication between WaterNSW and other government agencies.</p>	<p>We recommend changes to the draft licence condition as follows:</p> <ul style="list-style-type: none"> Amend to require WaterNSW to maintain Data Sharing Agreements (DSAs) with DPE and NRAR until the DMF is implemented. This requirement will sit within the DMF condition.
<p>Water sector information hub</p> <p>41. Include a new obligation requiring WaterNSW to lead the co-design and development of an 'information hub' with central storage, management and access to water sector information and data, and deliver it (clause 42).</p>	<p> WaterNSW notes that their ability to provide a water sector information hub on behalf of all NSW Government Departments and agencies in the water sector will be contingent upon further discussion with relevant agencies, as to the scope of such a role and resolution of the funding allocated to it. WaterNSW requests clarity on the scope of data to be held on the hub, noting that it could be limited by way of a definition for "water data" or by amendment to the provision which considers "by agreement with other agencies".</p>	<p> NSW Government agrees transitioning to a data management system and a water sector information hub aligns with the direction and intent of the NSW Joint Technology Roadmap that DCCEE, NRAR and WaterNSW are currently developing. NSW Government noted that DCCEE considers current data sharing arrangements and systems are not fit for purpose and will cost more to sustain in the long term. Transitioning to the proposed information hub represents cost savings into the future, as well as significant benefits for government agencies in terms of productivity gains and better timely information. NSW Government suggests defining "Water Sector" being</p>	<p> Sydney Water seek clarity on whether "water sector information" and "water data relevant to departments and agencies across the NSW Government" includes Sydney Water and the extent to which it may be required to submit and maintain data. Sydney Water noted that without understanding the scope of the Hub, it is hard to comment on the costs and benefits, however note that WaterNSW already must share some information with Sydney Water which suggests the benefits to Sydney Water would be incremental.</p> <p> NSWIC and LVW support WaterNSW maintaining a system that allows NSW Government agencies to access data and information held by Water NSW that is relevant to their functions. WaterNSW must gain clarity from NRAR and DPE Water to identify what data is required – as noted in the DMS and Roles and responsibilities agreement.</p>	<p>We recommend changes to the draft licence condition as follows:</p> <ul style="list-style-type: none"> Remove the information hub. Require WaterNSW to: <ul style="list-style-type: none"> maintain systems allowing NSW Government agencies to access relevant data and information held by Water NSW. grant access to agencies that request access to the systems upon request. provide access within 20 business days, unless WaterNSW identifies a legal issue which prevents WaterNSW from lawfully providing access, and notify the requesting agency of the security issue and steps to gain access.





Topic area and our draft recommendations	WaterNSW's response	NSW Government response	Other stakeholder responses	Our final recommendation and how we have addressed stakeholder comments.
	<p>WaterNSW add that costs provided for the CBA did not reflect "all water sector data" in NSW and note that if the intention is for WaterNSW to take on responsibility for all water sector data, it requires appropriate funding.</p> <p>WaterNSW suggest that the scope of the data/information to be contained on the hub should be better defined and that it could include data that other water sector agencies currently hold, by agreement with those agencies.</p> <p>WaterNSW queries how the water sector information hub will be differentiated from other agencies' data collection and storage facilities, such as NSW DCCEEW's SEED data portal/hub or the BoM's water hub.</p> <p>WaterNSW propose that the terminology "water sector information hub" be amended to "water sector data and information hub" to better reflect its purpose.</p> <p>WaterNSW request that "data" and "information" be defined since "information" implies a higher and more onerous requirement than data. Information implies that there has been a conversion and organisation of data from a raw, unorganised dataset into something that can be used as information, evidence, facts.</p>	<p>defined appropriately to specify the data WaterNSW currently has custodianship over.</p> <p>NSW Government DCCEEW supports appropriate safeguards being in place to maintain security at the differing levels required.</p> <p>NSW Government DCCEEW supports elevating the outcomes of Water sector information hub currently in clause 42(4) to clause 42(1), to specify that WaterNSW must maintain a system that allows NSW Government agencies to access data and information held by WaterNSW, that is relevant to their functions. DCCEEW also suggests including a clause specifying WaterNSW must consult and cooperate with the Department and NRAR to resolve any identified and prioritised data access and quality issues.</p> <p>NSW Government DCCEEW notes implementation will be contingent on funding and does not recommend removing the requirement for Data Sharing Agreements until sufficient progress is made on delivering the Data Management System and Water Sector Information Hub. DCCEEW requires long-term flow data (100+ years) when reviewing water sharing plans. If this can't be managed through the information hub,</p>	<p> However, NSWIC and LVW did not support the requirement for WaterNSW to lead the co-design and development of a new data system, to provide for central storage, management, and access to water data relevant to departments and agencies across the NSW Government (draft clause 42). NSWIC and LVW cited our CBA, noting that the cost and benefits of the water sector information hub condition are uncertain and likely to have a disbenefit of -\$2.2m.</p> <p> NSW Farmers consider that efficiencies should be sought through the improvement and sharing of data and information systems already under authority of WaterNSW, rather than duplication of reporting models across other agencies or requiring WaterNSW to establish a new data system.</p> <p> CICL did not support removing data sharing agreements from the licence. CICL noted that issues related to data management, governance etc. is ongoing. It also noted that WaterNSW can only comply with data and information sharing requirements if other relevant agencies fully cooperate with WaterNSW. CICL also stated that while it supports making improvements to data, it does not support regulatory overlap, and expects WaterNSW to comply with relevant commonwealth legislation. It noted that the proposed licence conditions in this space should avoid duplication between WaterNSW and other government agencies.</p>	<ul style="list-style-type: none"> - From July 2025, require WaterNSW to maintain processes and procedures to collect and maintain data in a way that it can lawfully provide access to agencies to that data <p>Previously, WaterNSW did not provide access due to privacy and security concerns. We recognise that how WaterNSW interacts with data and information may prevent it from sharing that data and information with others.</p> <p>Response to submission</p> <p>We acknowledge concerns about the cost of the hub. We now recommend requiring that WaterNSW provide access to the relevant parts of systems. This will not prevent WaterNSW from delivering a hub if funding is granted.</p> <p>We address concerns that privacy and security obligations may restrict WaterNSW's ability to provide access, by allowing WaterNSW to not provide access to the requested data within the 20 business day timeframe if:</p> <ul style="list-style-type: none"> • there are security concerns preventing it from legally doing so • WaterNSW has notified the requestor of the issue and explained the next steps to gain access.




Topic area and our draft recommendations	WaterNSW's response	NSW Government response	Other stakeholder responses	Our final recommendation and how we have addressed stakeholder comments.
	<p>WaterNSW requests timeframes and a "best endeavours" defence provision given that co-design will involve agreement between 3 parties. WaterNSW, NSW DCCEEW and NRAR, on complex matters such as hub architecture, definition and business requirements of the data and information hub, and the role of SEED in terms of interacting with the new water sector information (and data) hub.</p> <p>WaterNSW consider that clause 42(4) should be modified and limited to something along the lines of "provide access to open-source data consistent with the Government's Open-Source Policy, and for all other data and/or information, subject to an appropriate DSA". As is, WaterNSW considers that it is very broad, ill-defined and does not take into account privacy and security obligations for which WaterNSW is liable.</p>	<p>DCCEEW would request the data sharing agreements remain in place.</p> <p> NRAR support the introduction of the information hub and consider the success of the hub will be dependent on all required data being directly accessible in the hub, and on WaterNSW, as the data custodian, being accountable for maintenance of the hub. NRAR recommends that the licence reference the Joint Technology Roadmap in clause 42.</p> <p>NRAR recommends that the proposed clause 42(3)(a) of the licence be amended, to explicitly require the implementation plan to specify/detail the data that will be provided for NRAR in the hub.</p>		<p>To make it easier for WaterNSW to know what data agencies require access to, we have added an additional licence condition to limit the scope of this obligation. WaterNSW is only required to grant access to the data, upon request of a NSW government agency. We have not defined data and information, as the dictionary terms apply. The licence does not distinguish between these 2 terms as the data conditions apply to both data and information, but we acknowledge there is a difference.</p> <p>We have included a condition to cooperate with NRAR and DCCEEW to resolve and prioritise data access issues in the data sharing policy within the DMF (clause 41). We address concerns about maintaining DSAs in the DMF conditions. The data sharing policy should address access and sharing of all data, not only what was intended to be shared through the Hub.</p> <p>We recommend including a condition to maintain DSAs until the DMF is implemented. After this, data sharing requirements should be set out in the data sharing policy. We consider that only incremental benefits would be realised by Sydney Water if the hub is implemented.</p>



Topic area and our draft recommendations	WaterNSW's response	NSW Government response	Other stakeholder responses	Our final recommendation and how we have addressed stakeholder comments.
<p>Downloading of metering data</p> <p>42. Retain the requirement to download metering data at intervals of no more than 12 months (clause 43).</p>	<p> WaterNSW recommends that this clause be removed. It noted that the number of meters that this proposed obligation applies to is currently 10 which is 0.0016% of all current compliant meters. These meters do not record significant volumes of water. Also, calibration of the metering equipment, which are mainly connected by telemetry, is the responsibility of the customer (and the DQPs that the customer engages) rendering WaterNSW responsible only for receiving and storing this data.</p>	<p> NRAR supports this condition.</p>	<p> CICL supports our draft obligations for this part of the licence.</p>	<p>We do not reference the Joint Technology Roadmap and note it is a living document. The licence should not commit WaterNSW to delivering outcomes or objectives that have not been considered as part of our review, in case of change.</p> <p>We acknowledge concerns about the net disbenefit identified in the preliminary CBA. We have received additional information on the benefits of this system and these indicate a significant net benefit for the obligation.</p> <p>We recommend changes to the draft licence conditions as follows:</p> <ul style="list-style-type: none"> Modify the condition to require WaterNSW to download data from certain metering equipment when triggered by the request of a NSW government agency, rather than a maximum time period. <p>We consider that other agencies may need the metering data in the future, even if they are not using it now.</p>

10 Managing government relationships

Table 9 Summary of submissions to our draft recommendations for managing government relationships






Topic area and our draft recommendations	WaterNSW's response	NSW Government response	Other stakeholder responses	Our final recommendation and how we have addressed stakeholder comments.
<p>Facilitating relationships with government agencies</p> <p>43. Retain the requirement for WaterNSW to maintain and comply with memoranda of understanding with NSW Health (clause 44) and the EPA (clause 45) and specify the nature of those memoranda of understanding.</p>	<p> WaterNSW supports the obligations to have an MoU with NSW Health. (Clause 44) and EPA (Clause 45)</p>	<p> The NSW Government (DCCEEW) supports our draft proposal for WaterNSW to have cooperation protocols with NRAR and NSW Fisheries.</p> <p>DCCEEW requested the inclusion of a cooperation protocol between WaterNSW, the NSW Water Holder and the NSW Water Manager, noting that a similar agreement previously existed.</p>	<p> CICL supported our draft obligations for this part of the licence.</p>	<p>We recommend changes to the draft licence conditions as follows. We have recommended adding a requirement for the memoranda of understanding to be made publicly available online.</p> <p>Response to submissions</p> <p>We have not included an additional cooperation protocol between WaterNSW, the NSW Water Holder and the NSW Water Manager. Through our review, we have understood that DCCEEW is seeking to enter into a similar agreement with WaterNSW, outside of the licence. Therefore, we do not consider the licence should mandate the inclusion of this protocol at this point in time.</p>
<p>44. Modify the obligation for WaterNSW to maintain the Roles and Responsibilities Agreement (RRA) with DPE to clarify that the:</p> <p>a. obligation also extends to NRAR and WAMC, and</p> <p>b. RRA is not limited to the conduct of Conferred Functions (clause 46).</p>	<p> Supports Clause 46 in-principle, with amendments, including removal of reference to WAMC:</p> <p>WaterNSW requests removal of WAMC as a fourth single party to the agreement or clarify (from IPART) on how this would work in practice, noting that WAMC is not in the current licence requirement at clause 6.15.</p>		<p> CICL supported our draft obligations for this part of the licence.</p>	<p>We recommend changes to the draft licence conditions as follows:</p> <ul style="list-style-type: none"> Remove the reference 'about data that' to ensure the RRA and schedules apply in full. <p>Response to submissions</p> <p>WaterNSW sought to remove the reference to WAMC from the licence – this approach would align with the current licence. However, WAMC and NRAR are both parties to the RRA and we have reflected this in the licence.</p>





Topic area and our draft recommendations	WaterNSW's response	NSW Government response	Other stakeholder responses	Our final recommendation and how we have addressed stakeholder comments.
<p>45. Modify the requirement for WaterNSW to maintain and comply with a cooperation protocol with NRAR (clause 47).</p>	<p> Supports Clause 47 in-principle, with amendments. WaterNSW supports the obligation to have a cooperation protocol with NRAR, noting that it replaces the current licence requirement to have a MoU. WaterNSW recommends that clause 47(1) should include a 'best endeavours' approach to maintaining the cooperation protocol with NRAR. WaterNSW suggests that the word "supply" is removed 47(1)(a), as it is not necessary and may create confusion with Supply terminology.</p>	<p> The NSW Government (NRAR) supported the amended condition but sought clarification of the intent of requiring the RRA to be published online. NRAR did not object to replacing the requirement for an MOU between Water NSW and NRAR with a requirement for a Cooperation Agreement and noted that it addresses matters that are by mutual agreement and legally binding matters, such as those contained in clause 41 and 42. NRAR recommended that clause 47 detail the types of matters that should be addressed by a Cooperation Agreement. NRAR does not support the wording "recognises the shared and complementary responsibilities of the parties in relation to water supply compliance and enforcement" as its work is not limited to water supply. NRAR sought a change to broaden the scope of this clause to be "responsibilities of the parties".</p>	<p> CICL supported our draft obligations for this part of the licence.</p>	<p>In the recommended Licence condition, we removed references to the conferred functions from the RRA obligations under the current licence, as we do not consider that the RRA is only applicable in light of the conferred functions.</p> <p>We recommend changes to the draft licence conditions as follows:</p> <ul style="list-style-type: none"> Clarify the purpose of the protocol is to recognise the shared and complementary responsibilities of the parties generally (not just in relation to water supply compliance and enforcement). Add a new requirement that the protocol should identify opportunities for improving service delivery and efficiency and collaborating to deliver enhanced results and reduce duplication. We consider these outcomes to be beneficial. <p>Response to other submissions We have not prescribed all parties' responsibilities that must be addressed in the protocol. We consider that this is a matter for WaterNSW and NRAR to work on during review of the protocol.</p>



Topic area and our draft recommendations	WaterNSW's response	NSW Government response	Other stakeholder responses	Our final recommendation and how we have addressed stakeholder comments.
<p>46. Include an obligation for WaterNSW to use its best endeavours to enter into, a cooperation protocol with NSW Fisheries by 30 June 2025, and to maintain and comply with that protocol (clause 48).</p>	<p> WaterNSW supports Clause 48 in-principle, with amendments to 48(1)(a) and (b). Clause 48(1)(a) – in relation to “ecologically sustainable development ...” this clause should have closer ties to WaterNSW’s functions and better reflect the role as related to water quality and quantity, and complementary responsibilities for fish passage. Clause 48(1)(b) - should be reworded in light of 48(1)(a).</p>	<p>Nil</p>	<p> CICL supported our draft obligations for this part of the licence.</p>	<p>We have not changed the obligation to require WaterNSW to follow a best endeavours approach to the protocol. We acknowledge that the request for a best endeavours approach relates to uncertainty about how compliance against this obligation would be determined, should NRAR fail to collaborate with WaterNSW. In this event, we consider that WaterNSW would fulfil its obligations if it demonstrates that it had taken reasonable steps (in its power) to enter into the protocol with NRAR.</p> <p>We do not recommend changes to the draft licence conditions. Our recommendations related to the cooperation protocol with NSW Fisheries remain unchanged from our draft recommendations. We consider that the inclusion of principles of ecologically sustainable development aligns with activities in the licence objective, and associated requirements for WaterNSW to conduct those activities – in particular regarding sustainability.</p>





11 Licence administration


Table 10 Summary of submissions to our draft recommendations for licence administration



Topic area and our draft recommendations	WaterNSW's response	NSW Government response	Other stakeholder responses	Our final recommendation and how we have addressed stakeholder comments.
<p>Licence objectives</p> <p>49. Replace the current licence objectives with objectives that better align with the Act (clause 1).</p>	<p> WaterNSW notes that a broader education program would better align the licence with WaterNSW's objectives under the <i>Water NSW Act 2014</i>.</p>	<p> The NSW Government supports our proposed changes to the licence objectives to consider climate impacts more broadly. DCCEEW notes that it would support expanding this requirement to explicitly include the protection of the environment and ecologically sustainable principles, in line with the Act.</p> <p>The NSW Government notes that licence objectives could include environmental protection and the provision of water for the environment, in accordance with NSW Government policies to protect and enhance the environment more generally, including ecological species and communities that rely on or use water managed and released by WaterNSW.</p>	<p> CICL supports our draft obligations for this part of the licence.</p>	<p>We recommend changes to the draft licence conditions as follows: We have expanded the objectives to include consideration of impacts on the environment.</p> <p>Response to other submissions We have not recommended including ecologically sustainable principles as licence objectives, as we consider that this requirement is onerous and would result in increased costs to WaterNSW.</p>
<p>Term of the operating licence</p> <p>50. Set out a 5-year Licence term (clause 2).</p>	<p> WaterNSW suggests a 4-year term for the licence, noting that it would expect future licences to have a 5-year term. WaterNSW notes that this approach would:</p> <ul style="list-style-type: none"> allow us to maintain a 2-year gap between the licence reviews and pricing determinations ensure that the WaterNSW and Sydney Water licence reviews continue to occur in parallel 	<p>Nil</p>	<p> CICL supports our draft obligations for this part of the licence.</p>	<p>Our recommendation on the term of the licence has changed We have recommended a 4-year licence term, in line with WaterNSW's proposal. This will allow a 2-year gap between licence and pricing reviews. We intend for this gap to be retained in the future with a return to 5-year terms for the licence. The 2-year gap between the licence and pricing reviews will allow for better customer engagement and resourcing for WaterNSW to inform both reviews.</p>

Topic area and our draft recommendations	WaterNSW's response	NSW Government response	Other stakeholder responses	Our final recommendation and how we have addressed stakeholder comments.
	<ul style="list-style-type: none"> allow us to simultaneously consider issues and obligations where there is joint responsibility or interaction between the utilities, or mirror obligations. 			
Area of operations 51. Clarify that the licence applies to Water NSW's whole area of operations (clause 3)	Nil	Nil	 CICL supports our draft obligations for this part of the licence.	We do not recommend changes to the draft licence condition.
Non-exclusive licence 52. Retain the non-exclusivity clause in the Licence (clause 4).	Nil	Nil	 CICL supports our draft obligations for this part of the licence.	We do not recommend changes to the draft licence condition.
Licence authorisation 53. Retain the licence authorisations in the Licence (Part 2).	Nil	Nil	 CICL supports our draft obligations for this part of the licence.	We do not recommend changes to the draft licence condition.
Operational audits 54. Retain the requirements related to operational audits (clause 53).	Nil	Nil	 CICL supports our draft obligations for this part of the licence.	We recommend changes to the draft licence condition as follows: <ul style="list-style-type: none"> We have made minor amendments to this part of the licence to reflect more contemporary terminology, and to ensure that WaterNSW provides auditors with reasonable access to the necessary systems during operational audits.

Topic area and our draft recommendations	WaterNSW's response	NSW Government response	Other stakeholder responses	Our final recommendation and how we have addressed stakeholder comments.
<p>Reporting, record keeping and provision of information</p> <p>55. Modify the reporting requirements to clearly identify and define WaterNSW's reporting obligations from the reporting manual to the Licence.</p> <p>56. Include a new requirement for WaterNSW to submit an annual report on water quality in the declared catchment areas to IPART and NSW Health and publish the report on its website (clause 51).</p> <p>57. Retain the existing:</p> <ul style="list-style-type: none"> a. operational audit requirements (clause 53) b. reporting and record keeping requirements (clause 54) c. provision of information and performance monitoring requirements (clause 55) d. obligations requiring WaterNSW to cooperate with the person appointed to undertake the catchment audit (clause 56). 	<p> Supports access to information, with amendments (Clause 51)</p> <p>WaterNSW recommends that IPART consider adopting some of the elements of digital reporting as part of this clause, as it may offer more practicable benefits for stakeholders, providing more frequent access to information than an annual, standalone report.</p> <p>WaterNSW suggests that clause 51 relate to the reporting of water quality monitoring activities, and not water quality per se, to align with the obligations in the reporting manual.</p>	<p>Nil</p>	<p> CICL supports our draft obligations for this part of the licence.</p>	<p>We recommend changes to the draft licence conditions as follows. We have amended the obligation for WaterNSW to submit a "water quality report" under clause 51 of the recommended licence to reflect our intention for a "water quality monitoring report".</p> <p>Response to submissions</p> <p>While we acknowledge that there may be some benefits to digital reporting, we do not consider that online, real-time digital reporting provides sufficient ability to audit WaterNSW for compliance against the licence. Therefore, we have not made any changes in response to WaterNSW's request to adopt digital reporting. We may consider the suitability of this approach in a future licence review.</p>




Topic area and our draft recommendations	WaterNSW's response	NSW Government response	Other stakeholder responses	Our final recommendation and how we have addressed stakeholder comments.
<p>Environmental reporting</p> <p>58. Retain the requirement for WaterNSW to monitor and compile environmental indicators consistent with the reporting manual. Amend the obligation to clarify that WaterNSW must report this data in a way that allows for year-to-year comparison of the indicators (clause 49).</p> <p>59. Add a new requirement for WaterNSW report and publish annually its progress towards Net Zero and to report against the International Sustainability Standards Board (ISSB) sustainability-related disclosure standards (clause 50).</p>	<p> WaterNSW recommends limiting Clause 49 to WaterNSW's activities in the Declared catchment areas (as per the 2022-2024 Reporting Manual). WaterNSW seeks clarity from IPART regarding the intended scope for this clause as the meaning of "direct impact" is both ambiguous and lacks clear parameters with which to limit scope.</p> <p> WaterNSW opposes Clause 50 as:</p> <ul style="list-style-type: none"> WaterNSW is already subject to other Government reporting requirements under the <i>Government Sector Finance Act 2018</i> (GSF Act) and will need to comply with TCFD reporting by 1 July 2025. the Australian standards will be required under the TCFD requirements which raises the risk of inconsistency or possibly a higher obligation on WaterNSW than imposed by the Australian Government, should the Australian standards differ from the international ones. 	<p> The NSW Government requests that we amend the environmental performance indicators to include a requirement for WaterNSW to monitor and report on held environmental water (HEW) and planned environmental water (PEW) releases.</p> <p>The NSW Government requests that we consider a requirement for an annual report on the management and release of HEW and PEW, including any reported feedback from the community.</p> <p>The NSW Government notes that the reporting manual should include water quality and quantity indicators related to environmental performance indicators relevant to the maintenance of environmental flows. In particular, the maintenance of minimum flows through PEW releases.</p>	<p> CICL supports our draft obligations for this part of the licence. CICL cited "Government policy implementation" in response to our recommendation 59.</p>	<p>We do not recommend changes to the draft environmental performance indicator licence conditions.</p> <p>Response to submissions</p> <p>We have not limited environmental reporting to the declared catchment as environmental indicators are applicable across catchments.</p> <p>We will specify environmental performance indicators related to HEW and PEW in the reporting manual. While additional reporting on HEW and PEW was requested by DCCEE, we do not consider the benefits of additional reporting (i.e. improved transparency) exceeds reporting costs. Therefore, we have not recommended another annual report related to the management and release of HEW and PEW at this stage.</p> <p>We recommend changes to the draft licence conditions on climate change disclosures as follows.</p> <ul style="list-style-type: none"> Remove the requirement under clause 50(3) of the draft licence to require WaterNSW to publish each annual disclosure for the balance of the licence term. Make the date for the disclosure 30 September each year. Remove specific reference to Scope 1, 2 and 3 emissions for the licence term, as these are inherent in the IRFS S2 standard.





Topic area and our draft recommendations	WaterNSW's response	NSW Government response	Other stakeholder responses	Our final recommendation and how we have addressed stakeholder comments.
	<ul style="list-style-type: none"> it is not yet clear whether scope 3 emissions will be included as part of the TCFD framework reporting requirements. This could result in further inconsistency and misalignment in terms of reporting requirements. it considers that it is more appropriate for audits on climate related disclosure to be conducted by NSW Treasury, the Climate Office or the Auditor General for consistency with the audit requirements of other Government agencies and removes the need for IPART to duplicate their audit efforts on this activity. <p>WaterNSW requests guidance from IPART on the intent of this provision and clarification on the expected audit requirements under this clause.</p>			<p>Response to submissions WaterNSW can nominate an alternate standard and is not required to make disclosures under the licence if they are required to by another law. This would include a legally binding Treasury directive on WaterNSW. We consider that clause 52 of the licence requires the disclosures to be made publicly available. Other reporting obligations may not do this. We consider that the operational audit process does not seek to duplicate audit effort where climate disclosures are made public and are subject to equivalent audit by NSW Treasury, the Climate Office or the Auditor General.</p>
<p>End of term review 60. Retain the licence obligations related to end of term review (clause 60).</p>	<p>Nil</p>	<p>Nil</p>	<p> CICL supports our draft obligations for this part of the licence.</p>	<p>We do not recommend changes to the draft licence conditions.</p>




Topic area and our draft recommendations	WaterNSW's response	NSW Government response	Other stakeholder responses	Our final recommendation and how we have addressed stakeholder comments.
<p>Notices and approvals</p> <p>61. Modify the licence obligations related to how and when communications under the Licence must be given to confirm that it applies to approvals (clause 61).</p>	Nil	Nil	 <p>CICL supports our draft obligations for this part of the licence.</p>	<p>We recommend changes to the draft licence conditions as follows: We have added an additional requirement that any nomination by WaterNSW for an alternative date or standard must be made in writing by their Managing Director.</p>
<p>IPART functions</p> <p>62. Confer functions on IPART in connection with operational audits of Water NSW (clause 62).</p>	Nil	Nil	 <p>CICL supports our draft obligations for this part of the licence.</p>	<p>We do not recommend changes to the draft licence conditions.</p>

12 Additional comments made by stakeholders



Table 11 Summary of submissions to our draft recommendations for additional comments made by stakeholders





Topic area and our draft recommendations	WaterNSW's response	NSW Government response	Other stakeholder responses	Our final recommendation and how we have addressed stakeholder comments.
Definitions	 <p>WaterNSW did not support terminology changes to 'direct water supply services' and 'water release services' and did not consider that the proposed terminology is consistent with the Act. It noted and recommended:</p> <ul style="list-style-type: none"> • "direct water supply service" would include water supplied to LWUs via its rivers (via "CSR water"), but "water Supplied" does not. This would impact WQMS application and the performance standards. • retaining the defined term "water Supplied" and adopting its definition. 	 <p>The NSW Government proposed a definition for "environmental flows" to reduce uncertainty about whether environmental flows only include in-channel flows or if it also includes flows that overtop banks and inundate land. This would help clarify when WaterNSW is required to communicate with NSW Environmental Water Holders and other stakeholders. The NSW Government suggested clarifying what environmental flows may include.</p>	 <p>NSWIC sees a suitable definition of <i>community</i> as a person who is not a customer. IPART defines a <i>customer</i> as a person who receives a water release service or a direct water supply service from WaterNSW. NSWIC views it as necessary to make a distinction between these categories to highlight the need for WaterNSW to prioritise its customers.</p>	<p>We have made changes to the definitions as follows:</p> <ul style="list-style-type: none"> • We have amended the definition for direct water supply services to ensure that customers with water access licences are also captured. • We have added a definition for environmental flows. • We have added a definition for in-scope water (under clause 9) to acknowledge that WaterNSW does not have full control over the catchments in the non-declared catchments. <p>Response to submissions</p> <p>We have not recommended a definition for 'community'. We do not consider it necessary to make this explicit in the licence and consider that the plain English definition of customer provides sufficient clarity about the intent of the licence.</p>

Topic area and our draft recommendations	WaterNSW's response	NSW Government response	Other stakeholder responses	Our final recommendation and how we have addressed stakeholder comments.
Overarching comments	 <p>WaterNSW sees this Review as an opportunity to align the licence with their current strategic direction and an opportunity to look for the areas for change or improvement however given the limited timeframe WaterNSW had to respond to the draft licence, they were unable to consult with customers and WaterNSW on the costs associated with the proposed positions.</p>	Nil	 <p>NSWIC noted that WaterNSW customers and community are involved in working groups facilitated by WaterNSW to seek feedback for the 2025-2030 Pricing Determination. NSWIC members have raised concerns that new operational activities proposed under the draft licence are not included in data prepared by WaterNSW for discussion.</p>	<p>Response to submissions WaterNSW has commenced consultation related to the pricing determination. We consider that our broad consultation on the issues paper and draft licence conditions included WaterNSW customers, providing them an opportunity to provide feedback on costs. We consider that WaterNSW should continue to undertake appropriate engagement with its customers.</p>
Cost/funding availability	 <p>WaterNSW considers that licence amendments should not be made without adequate funding to support their implementation. These costs should also be outweighed by the benefits of the amendments.</p>	Nil	 <p>NSWIC strongly disagrees with cost-share ratios, as costs are heavily recovered from water users for public interest items. NSWIC noted that the licence should prioritise customer needs and preferences and noted high-cost burden on water users for public interest environmental projects which had not progressed (e.g. fish passageways) due to prohibitively expensive cost recovery. Expectations of the broader, mostly urban, community have resulted in additional costs that are not being assigned to those impactors through the public purse. NSWIC noted that customers are concerned that despite the increasing costs, water management and service levels do not focus on their needs or preferences, and WaterNSW service quality is declining rather than improving.</p>	<p>Response to submissions We acknowledge the comment from WaterNSW in relation to adequate funding. However, we consider this is better addressed through the pricing process. We will consider cost impacts further in our review of WaterNSW's prices later this year (the next price determination will apply from 1 July 2025) We acknowledge NSWIC, Lachlan Valley Water, CICL and B. Betland's concerns. We have taken measures on various conditions to mitigate or otherwise respond to the cost impacts of these conditions and where appropriate have the work that WaterNSW does in response to these conditions informed by their customer preference.</p>

Topic area and our draft recommendations	WaterNSW's response	NSW Government response	Other stakeholder responses	Our final recommendation and how we have addressed stakeholder comments.
			 <p>Lachlan Valley Water noted:</p> <ul style="list-style-type: none"> WaterNSW should be required to provide an annual cost/price list to water users, detailing "included services" and cost of each service, and "additional services" and cost/price of each service. WaterNSW should be required to consult with water users prior to engaging in any major project, or change to scope/cost of project, where the costs will be passed to water users concerns about additional cost or regulatory increases to water users.  <p>CICL considered that some of the recommendations are a response to demands from outside of the bulk water user base and not from WaterNSW's bulk water customers. The CICL went on to say that the approach does not adequately articulate how the new licence conditions should be funded, given many of the proposed new licence conditions provide services to a particular class of customer. Where this is the case the customer receiving the service should fund 100 percent of the costs.</p>  <p>B. Betland raised concerns related to the varying charges imposed on irrigation farmers in different valleys. The submission also did not consider that WaterNSW should spend its funding on climate risk assessments. The submission also queried how various water users (including environmental water) are charged for water.</p>	

Topic area and our draft recommendations	WaterNSW's response	NSW Government response	Other stakeholder responses	Our final recommendation and how we have addressed stakeholder comments.
Cost sharing framework/ impactor pays model	Nil	Nil	<p> NSWIC does not support the impactor pays approach and considers it problematic for management of a public good. NSWIC requests that IPART revise the definition of an 'impactor', and review how costs are shared between rural water customers and the NSW Government, on behalf of other users and the broader community.</p> <p> NSW Farmers considers that the continued alignment with the 'impactor pays' model does not allow for better efficiency outcomes, especially as state and federal water policies evolve and a changing climate is leading to extended dry periods. The cost-drivers within water management are complex, diverse, external and multifactorial, which mean that they cannot be practically incorporated into the impactor pays model.</p> <p>NSW Farmers considers that the government should provide a larger share of the costs for measures or programs that are purely targeted at delivering on broader community benefits, like water quality measuring, and research in non-declared catchment areas, or are required by government policies, including climate change risk management activities, climate-related disclosures, net zero progress or family violence obligations.</p> <p>NSW Farmers submit that the cost burden is disproportionately placed on productive water users, when the benefit is delivered to a greater number of the general public.</p>	<p>Response to submissions We acknowledge stakeholder concerns. We consider that these comments relate to pricing and the impactor pays model and these matters are beyond the scope of this review. We will consider cost impacts further in our review of WaterNSW's prices later this year (the next price determination will apply from 1 July 2025)</p>

Topic area and our draft recommendations	WaterNSW's response	NSW Government response	Other stakeholder responses	Our final recommendation and how we have addressed stakeholder comments.
Cost-benefit analysis	Nil	Nil	 <p>Lachlan Valley Water contends that the impactor pays model is fundamentally flawed and negatively biased toward Water Access Licence (WAL) holders. Lachlan Valley Water suggest that the model must be reviewed or provide a more inclusive definition to include any individual, organisation, or body that gains benefit from the use of water in the storages or the system. Storages in the Lachlan Valley are a significant tourist draw for example and provide secondary and tertiary income to local communities through things like accommodation, groceries, and other goods and services. Reviewing the model is required to broaden the spread of costs to "impactors" other than WAL holders.</p>	<p>Response to submissions</p> <p>We acknowledge the stakeholder comments and concerns. In response to this, we have taken measures on various conditions to mitigate or otherwise respond to the benefits and cost impacts of our recommended conditions.</p>
			 <p>NSWIC, B. Betland, and The Coleambally Irrigation Co-operative Limited (CICL) raised concerns with the cost implications of the proposed draft obligations and request greater clarity for how new activities will be funded. They consider that water users should not bear additional costs where benefits are for other groups or for broader public benefit.</p>	

Topic area and our draft recommendations	WaterNSW's response	NSW Government response	Other stakeholder responses	Our final recommendation and how we have addressed stakeholder comments.
Customer focus/consultation with customers and the community	Nil	 <p>The NSW Government notes that more formal arrangements may be required and merit funding from WaterNSW, to ensure that Aboriginal rights and access to water is protected and expanded, in line with commitments NSW has made in the NSW Water Strategy and Closing the Gap.</p>	 <p>NSWIC agrees that the licence must be customer-centric, prioritising policy issues that align with customer needs and preferences.</p>  <p>NSW Farmers considers that, as a monopoly service provider, WaterNSW should prioritise supporting customers. It states that WaterNSW should be required to focus on delivering value for money and look for efficiencies to improve customer service to fulfil customer obligations.</p>	<p>We agree that more formal arrangements and funding may be required to help protect Aboriginal rights and access to water. However, we consider that this is a NSW Government initiative and should not be mandated under the licence.</p>
Water strategies	 <p>WaterNSW supports our proposed draft obligations for clause 40 but considered the proposed wording would place undue burden on WaterNSW. It noted that if the Department did not request input, WaterNSW would be non-compliant when audited against this clause, but not due to their own fault. WaterNSW suggested replacing "cooperate" with "collaborate" or "advise" and adding "to the extent that we are requested to do so by the Department."</p>	Nil	Nil	<p>Our recommendation is for Water NSW, if requested by the Department, to cooperate with the Department on any review of the NSW Water Strategy, the Greater Sydney Water Strategy and other regional water strategies.</p> <p>While we consider that the requirement for WaterNSW to cooperate with the Department implies that the Department has sought input from WaterNSW into the reviews, we have amended this obligation to clarify that WaterNSW only needs to cooperate on the review of strategies if the Department has requested WaterNSW's cooperation.</p>






13 Responses to our information paper: Overview of draft reporting manual and proposed new licence conditions

Table 12 Summary of submissions to our 12 February 2024 information paper

Topic area and our draft recommendations	WaterNSW's response	NSW Government response	Other stakeholder responses	Our final recommendation
Include an obligation requiring WaterNSW to submit to IPART, and make publicly available, an annual report on its compliance against its management systems under part 3 of the draft licence.	Nil	Nil	Nil	We do not recommend changes to the draft licence conditions.
Include an obligation requiring WaterNSW to submit to IPART, and make publicly available, an annual report outlining: <ul style="list-style-type: none"> its compliance against the customer support and compliant management clauses under part 7 of the draft licence systemic issues identified from engagement or complaints significant changes to its customer service charter, consultation policy, code of practice on payment difficulties and family violence policy aggregate customer information and trends. 	Nil	Nil	Nil	We do not recommend changes to the draft licence conditions.
Include an obligation requiring WaterNSW to submit an annual statement of compliance to IPART.	Nil	Nil	Nil	We do not recommend changes to the draft licence conditions.
Include an obligation requiring WaterNSW to submit an annual report to IPART on its progress in addressing operational audit recommendations.	Nil	Nil	Nil	We do not recommend changes to the draft licence conditions.
Include an obligation requiring WaterNSW to make memoranda of understanding with NSW Health and the EPA publicly available.	Nil	Nil	Nil	We recommend changes to the draft licence conditions as follows. <ul style="list-style-type: none"> We have reinstated the requirement for WaterNSW to publish the MOUs on its website. This approach aligns with the Australian Law Reform Commission's (ALRC) recommendations to make MOUs publicly available.




14 Responses to public hearing comments







Table 13 Summary of stakeholder submissions made during the public hearing

Topic area	Other stakeholder responses	Our final recommendation
Observations	<p> Individual (L. Wilson) queried if the licence would restrict allowing water bottling plants in their area or maintain a moratorium on future water bottling licence extensions, considering climate change preparedness. L. Wilson also observed that there was an unknown cost to volunteers to understand the quality of water being provided to them in some regions.</p> <p> Individual (B. Watson-Will) enquired about the desalination plant proposed at Belmont North in Newcastle. Mr Watson-Will noted that a recent paper announced the desalination plant has gone up in price,</p>	<p>We do not recommend changes to the draft licence conditions as a result of this submission.</p> <p>Response to submissions</p> <ul style="list-style-type: none"> • We consider that the licence does not have a role in permitting, promoting or prohibiting companies from accessing water allocated to them. • We acknowledge the comment about the cost to understand water quality but consider that this would be more appropriately addressed by the NSW Government. • The desalination plant proposed at Belmont North is outside of the scope of this review.
Water quality outcomes/costs, data hub, customer and community and consultation	<p> Yanco Creek and Tributaries Advisory Council (YCTAC) noted the nature of the operating environment, particularly in the non-declared catchment areas. In response to the proposed performance standards for water release services, YCTAC queried if the licence seeks drinking water quality across the whole of NSW and noted that, if so, this would be a 'massive undertaking'. YCTAC sought clarification about its perceived cost-shift to move towards improved water quality for entire valleys and queried who would pay for improved water quality across the state.</p> <p> YCTAC questioned if the licence obligations around the data hub would duplicate the government's proposed data system which is proposed to hold bulk water data. YCTAC considered that a government agency (e.g. DCCEE) should be responsible for the data hub and not WaterNSW. The reasons for this related to cost (i.e. who pays for the hub).</p> <p> YCTAC supported our draft proposal to remove prescription around how WaterNSW consults with customers and community (i.e. removal of CAGs). It noted that it expected this approach to lead to better outcomes for all.</p>	<p>We recommend changes to the draft licence condition as a result of this submission as follows.</p> <ul style="list-style-type: none"> • We have replaced the performance standard in question (R-WQ-1) with a standard related to the early warning system. <p>Response to submissions</p> <ul style="list-style-type: none"> • We recognise that WaterNSW does not have a water quality / river health management role. The licence does not aim to improve water quality for valleys. The licence requires WaterNSW to monitor and notify drinking water customers of water quality changes. • We have revised our recommendation for WaterNSW to develop a data and information hub. We discuss this in response to recommendations related to the water sector information hub, in Table 8. Additionally, the Water Data and Information Hub was intended to only manage data and information that WaterNSW is the custodian of.

15 Summary of submissions made in response to targeted stakeholder consultation

Table 14 Summary of stakeholder submissions made in response to targeted stakeholder consultation

Topic area and our draft recommendations	WaterNSW's response	NSW Government response	Other stakeholder responses	Our final recommendation
Review of the system yield model	<p> WaterNSW gave in-principle support for the licence to include an obligation to review the system yield model.</p> <p>WaterNSW notes that the model is critical to assessing Greater Sydney water security and agreed that the licence should impose an obligation for periodic independent review.</p> <p>WaterNSW considered our proposed obligation was prescriptive and suggested a simpler obligation for:</p> <ul style="list-style-type: none"> • an independent review at least once during the licence term • a report to be provided to IPART following completion of the review. 	<p> DCCEEW agreed that the licence should include a requirement to review the system yield model. DCCEEW noted that the obligation should clarify that a review of the model needs to explicitly consider the impacts of climate change on yield calculation.</p>	<p> Sydney Water supported our proposed recommendation and noted that system yield modelling is critical to long-term water planning and projections.</p> <p>Sydney Water suggested there could be a greater role for stakeholders to inform and shape the expert's review of WaterNSW's system yield modelling. Sydney Water also notes that the expert is intended to be independent of WaterNSW and proposed that the licence require WaterNSW to provide all stakeholder feedback to the independent reviewer, to allow them to:</p> <ul style="list-style-type: none"> • engage with and consider stakeholder views as part of the model review, modelling and processes • report on how the stakeholder consultation informed the outcomes of their review. 	<p>Our recommendation is to include a requirement for WaterNSW to engage an independent expert to review and report on the system yield model.</p> <ul style="list-style-type: none"> • Require WaterNSW to consult with stakeholders and to provide this feedback to the reviewer and direct them to consider feedback during the review. • The independent expert to not do more than 2 consecutive reviews. <p>Response to submissions</p> <ul style="list-style-type: none"> • We acknowledge WaterNSW's position on reducing prescription of the review of its system yield model. However, at the 2021-22 operational audit, WaterNSW was non-compliant with this obligation. Failure to appropriately engage with stakeholders may result in stakeholder needs and relevant inputs not being considered. • We consider that system yield impacts stakeholders including end users (a stakeholder group that WaterNSW did not consult during its last review). Prescription around who WaterNSW should consult with is important to ensure all relevant parties are consulted.

Topic area and our draft recommendations	WaterNSW's response	NSW Government response	Other stakeholder responses	Our final recommendation
	<p>WaterNSW recommended that the licence include no details about the review scope and consultation requirements as WaterNSW considered these to be prescriptive and complex. WaterNSW also noted that this would not provide them flexibility in undertaking its review.</p>		<p>Sydney Water also suggested potential value in introducing a reporting manual requirement to ensure that the same independent expert is not used consecutively more than twice without IPART's written approval. Sydney Water considered this approach would improve clarity and transparency in the expert's review process as well as better reflect Sydney Water's role in system yield modelling.</p>	<ul style="list-style-type: none"> We agree with Sydney Water's suggestion to limit the number of reviews a reviewer can undertake of the model. There is benefit to ensuring new insights can be considered.
<p>Include complaint policy information with bills</p>	<p> WaterNSW supported our proposed recommendation.</p>	<p> DCCEEW supported our proposed recommendation.</p>	<p>Nil</p>	<p>Our recommendation is to include compliant policy information with bills.</p>
<p>Publish MOU with NSW Health and EPA</p>	<p> WaterNSW supported our proposed recommendation.</p>	<p> DCCEEW supported our proposed recommendation.</p>	<p>Nil</p>	<p>We recommend changes to this part of the licence as follows.</p> <ul style="list-style-type: none"> Reinstate the requirement for WaterNSW to publish the MOUs on its website. This approach aligns with the Australian Law Reform Commission's (ALRC) recommendations to make MOUs publicly available.
<p>Obtain the agreement of metering equipment owners</p>	<p> WaterNSW supported our proposed recommendation.</p>	<p> DCCEEW supported our proposed recommendation.</p>	<p>Nil</p>	<p>Our recommendation is to require WaterNSW to obtain the agreement of metering equipment owners.</p>