

**STATE WATER CORPORATION**

**REPORT TO IPART  
UNDER THE  
OPERATING LICENCE**

**31 AUGUST 2007**



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## Introduction

State Water Corporation is required to act in accordance with its Operating Licence, which has been issued under the *State Water Corporation Act 2004*. State Water was corporatised on 1 June 2004 and the Operating Licence commenced on 24 June 2005.

Under the Operating Licence, State Water must report to IPART by no later than 1 September each year, for the preceding financial year, on its performance regarding each of the following matters:

- Memoranda of Understanding;
- Customer Service Charter;
- Internal Complaints Handling Procedure;
- External Dispute Resolution Scheme;
- Complaints to Other Bodies;
- Water Metering;
- Environment Management Plan; and
- Performance Indicators.

In addition, State Water must prepare, by no later than 1 September each year, annual water balances.

Under the Operating Licence, IPART can also require State Water to include other relevant information in the report. To date, IPART has not exercised this power.

This report has been prepared in compliance with the above requirements. The report indicates the requirements under the Operating Licence for each of the above matters and outlines State Water's performance relative to these matters during 2006/07. Under the terms of the Operating Licence this report is required to be available to the public. Accordingly, this report will be published on State Water's website.

In 2006/07, the ongoing drought conditions once again provided challenging operating conditions in all of State Water's areas of operations. Historically low storage levels and minimum inflows meant that State Water was able to deliver around 40 percent of average long term water sales. The reduced water availability increased State Water's focus on efficient river operations, whilst revenues from water sales were significantly reduced.

Despite these challenges, State Water not only fulfilled its key requirements under the Operating Licence, but continued to provide high levels of customer service.

This report is State Water's second report of performance under its Operating Licence, the first reporting being submitted for 2005/06. As required by the Operating Licence, during 2006/07, IPART audited State Water's compliance in 2005/06 with the requirements of the Operating Licence. The findings of the audit and State Water's response are outlined below. Where relevant, State Water has incorporated IPART's findings and the audit recommendations into this report.

**Audit of State Water's Compliance with the Operating Licence in 2005/06**

In its report to State Water's Portfolio Minister, IPART highlighted three main areas of concern.

*1. MoU with the former Department of Natural Resources (now the Department of Water and Energy)*

State Water achieved a rating of high for compliance with the Memorandum of Understanding (MoU) with the Department of Water and Energy (DWE). IPART also indicated its concern that the MoU with DWE does not include all the functions where there is a need for co-operative relationship.

State Water agrees that it would benefit both State Water and DWE to revisit the MoU in the near future to improve cooperation between the two organisations in light of the recent restructure.

*2. Annual Water Balances*

The Tribunal indicated concern with State Water's progress in completing the annual water balances.

The delays with the water balances relate to 'start up' issues for the corporation and the drought. The water balances are a new requirement for the organisation which has required development of appropriate skills and staff training. This has been an additional requirement on the State Water's operations which has been severely stretched by the impacts of the drought.

State Water has trained additional staff and as a result the draft 2006/07 water balances and final 2005/06 water balances are included in an appendix to this report.

*3. Provision of financial information to the Customer Service Committees*

Although State Water was able to fulfil the majority of information requests from the CSC's, State Water acknowledges that the implementation of the new financial management system (IFMS) caused delays in providing financial data to some CSC's. State Water is currently undertaking a Corporate Information Systems Project to ensure that all reporting requirements can be met in future.

The Audit Report contained a number of recommendations relating to State Water's compliance with the Operating Licence. State Water has already implemented many of these recommendations, as detailed below.

**State Water's Response to Specific Audit Recommendations**

*R4.1 – SWC to consider revising the MoU with DNR in order to address the issue of the arrangements for making announcements of available water determinations and controlled flow and to address more broadly the specific roles of each agency.*

State Water agrees with IPART that the restructure of the Department of Water and Energy (DWE) provides an opportunity to revise the MoU.

State Water will consider the inclusion of arrangements for making announcements of available water determinations and controlled flow in the MoU. This will necessarily be subject to the concurrence of DWE, as the other signatory to the MoU.

Furthermore, although this issue is not specifically included in the MoU, both organisations clearly understand that the responsibility for making AWDs remains with DWE. State Water provides varying levels of assistance in preparing the Resource

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Assessment underpinning the AWDs, depending on the resourcing levels of each organisation in that region.

The second part of this recommendation involves broadening the MoU to include the specific roles of each agency. State Water will work with DWE to resolve any outstanding issues regarding the separation of roles and responsibilities, with a view to revising the MoU by December 2007.

*R4.2 – SWC should consider preparing a more formal report of performance against and compliance with the MoUs including, as a base, a list of the requirements of the MoU and how SWC has complied with each one.*

State Water agrees that reporting on compliance with each MoU should be based on the requirements in the MoUs. State Water has used this approach in this report.

*R4.3 – SWC needs to provide additional detail on performance against and compliance with the MoU with DNR including all the various activities that SWC and DNR collaborate on.*

The role of the then DNR relevant to this recommendation is now undertaken by DWE.

State Water has used this report to provide more detailed information on specific instances of interaction with DWE pursuant to the MoU, including standard “business as usual” interactions with DWE under the MoU.

*R5.1 – SWC should ensure that their financial systems are able to provide information as requested by CSCs.*

State Water is currently undertaking a Corporate Information Systems Project to ensure that all reporting requirements can be met, including the provision of financial information to CSCs. This Project is well advanced and State Water is confident that it will be able to provide CSCs with accurate and regular financial reports in 2007/08.

*R5.2 – SWC should consider revising Clause 4.6.2 of the Operating Licence at the upcoming Operating Licence review to reflect their stance on alternative payment plans.*

Although changes to the Operating Licence can only be made by State Water’s Portfolio Minister, State Water will use the upcoming end of licence review to advocate for this change to be made to the Operating Licence.

*R6.1 – SWC should consider providing the information on customer complaints prior to the 1 September deadline to avoid downgrading their compliance rating.*

State Water has implemented a new customer complaints handling system and is compiling information on complaints on a monthly basis for reporting to management. This information has been included in this report.

*R7.1 - SWC needs to improve performance in co-ordinating accurate water releases to improve compliance for management of water releases while taking into account physical supply constraints.*

This requirement received a high compliance rating in the audit. Neither the IPART report nor the auditors report provides any specific details on the deficiencies in State Water’s performance in co-ordinating water releases. As a result, State Water is unclear on the action it should be taking to address this recommendation and requests further clarification from IPART.

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*R7.2 - SWC to complete all remaining water balances and continue to investigate improvements to the timely delivery of the information by 1 September.*

State Water has provided provisional water balances for 2006/07 in this report. Final balances will be included in the 2007/08 report.

*R7.3 - SWC to ensure that the metering performance measures developed are appropriately in line with National Water Initiative standards.*

A State Water representative attends the national metering expert group which is advising the National Water Commission. State Water will continue its active participation to ensure metering standards continue to be consistent with the National Standards.

*R7.4 - SWC to fully implement the pro-forma metering audit sheets to commence collecting data for inclusion in future 1 September reports to IPART.*

State Water has already implemented the metering audit sheets across all areas of operations. This data has been included in the report.

*R9.1 - SWC should accelerate the implementation of the Water Information Exchange Program to ensure that the information required under this part of the Operating Licence is collected for the next Operational Audit.*

State Water will investigate accelerating this project and assuming responsibility from DWE, the current project managers.

*R9.2 – SWC should investigate alternative methods of measuring performance in delivering orders within +/- 1 day of the scheduled delivery. This may include, for example, additional flow gauging stations at strategic locations to assist in monitoring for the timing of scheduled releases.*

State Water's operating environment is both complex and imprecise and therefore determining performance indicators which are both meaningful and measurable is challenging.

Although the installation of additional gauging stations would improve the accuracy of measuring performance with this indicator, it would be costly as up to 2,400 additional gauges would be required. State Water will be using the end of Operating Licence review to advocate alternative water delivery performance indicators that are measurable and cost effective.

*R9.3 – SWC should investigate whether the current method of rescheduling orders can be expanded to note whether the rescheduling of information was requested by the customers or was a result of SWC operations.*

The CAIRO system is a complex spreadsheet-based system which tracks the flow of water through each river system. Although it also collects information on rescheduled orders, this is for operational purposes only, to ensure the continuing accuracy of water delivery. It would not be practicable for this system to be adjusted for the purpose of collecting information on this performance indicator. State Water has implemented a paper-based system to collect this information for this report.

*R9.4 - SWC to accelerate implementation of the Incident Report form and ensure that staff are provided training in the use of the form. The information collected on the form should be stored in order to report information at the next Operational Audit.*

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State Water has already implemented the Incident Report form and the relevant staff have been instructed in its use. The form is being used to collect information on response times to unplanned interruptions to water supply and this information has been included in this report.

*R9.5 - SWC may wish to review the performance target related to reporting the delivery of water orders outside +/- 1 day of the scheduled delivery to more accurately reflect the complexities of water delivery.*

Although changes to the Operating Licence can only be made by State Water's Portfolio Minister, State Water will use the opportunity presented by the upcoming end of Operating Licence review to advocate for changes to this performance indicator.

## Memoranda of Understanding

Clause 2.3.1 of the Operating Licence requires State Water to use its best endeavours to enter into, by 1 October 2005, MoU with each of the Directors-General of the Department of Environment and Conservation (now the Department of Environment and Climate Change (DECC)), the Department of Primary Industries (DPI) and the Department of Infrastructure Planning and Natural Resources (DIPNR), now DWE.

- The MoU with DEC was signed on 2 November 2005.
- The MoU with DPI was signed on 23 June 2006
- The MoU with DWE was signed on 28 July 2006.

In keeping with Clause 2.3.2 of the Operating Licence, the purpose of the MoU is to form the basis for co-operative relationships between the parties to the MoU, while recognising the respective roles of each Department and State Water.

Clause 2.3.3 of the Operating Licence does not limit the persons or regulatory agencies with whom State Water may enter into a MoU. State Water has also entered into a Service Agreement with the Department of Lands.

The MoU with DECC, DPI and DWE have been made available to the public on State Water's internet site, in accordance with Clause 2.3.4 of the Operating Licence.

Clause 2.3.5 of the Operating Licence sets out the requirements for reporting to IPART on the MoU, as follows:

*"State Water must, by no later than 1 September each year, for the preceding financial year, report to IPART on its performance against and compliance with the MoUs referred to in clause 2.3.1 including such relevant information as may be required by IPART to be included in the report."*

State Water's performance against and compliance with each MoU is provided below.

### **State Water Corporation and DECC**

The MoU with DECC provides the basis for cooperative relations between DECC and State Water in fulfilling their responsibilities, including the protection of water quality and ensuring environmental sustainability. The MoU recognises DECC's role as the environmental regulator and agency responsible for environmental protection and conservation of natural and cultural heritage and State Water's responsibility to address the water quality, river health and aquatic biodiversity impacts of its operations.

State Water has worked with DECC in accordance with the MoU, as shown in the following schedule:

MoU Requirement	State Water Compliance
<p>Co-operate to work towards achievement of agreed environmental objectives, which may include:</p>	
<ul style="list-style-type: none"> <li>• Water quality and river flow objectives</li> </ul>	<p>State Water undertakes modelling to calculate allowable salt loads under the Hunter River Salinity Trading Scheme as a subcontractor to DECC. In 2006/07, State Water managed only one event, occurring on 8 June to 30 June.</p> <p>In 2006/07, State Water consulted with DECC on a number of projects including:</p> <ul style="list-style-type: none"> <li>• A Review of Environmental Factors for desilting work conducted instream in the Gywdir River.</li> <li>• Implementation of erosion protection structures in the NMBC as remedial measure to address effects of de-silting work.</li> <li>• Statement of Environmental Effects for Lake Brewster Water Efficiency Project.</li> </ul>
<ul style="list-style-type: none"> <li>• Objectives for the operation of State Water structures and releases for water quality and environmental flow outcomes</li> </ul>	<p>DECC and State Water are members of the Cold Water Pollution Interagency Group (CWPIAG) which aims to minimise impact of cold water pollution from bulk water supply structures, including State Water's storages. State Water is developing operating protocols for dams with multi level offtakes. The CWPIAG is currently reviewing these protocols.</p> <p>State Water and DECC commenced discussions on a Plan of Management for the recently created Yanga National Park. Several State Water structures are located within the Park.</p> <p>State Water also consulted DECC in the refurbishment of the Cawndilla outlet channel through Kinchega National Park.</p> <p>Central Area provides advice and operational information to sub-group of the Environmental Flow Reference Group (EFRG) to make decisions on flows to the environment from unregulated flows in mid June 2007. The EFRG is run by DECC and is also represented by irrigators and Macquarie Marsh Landholders.</p> <p>In the Gywdir Valley, the Environmental Contingency Allowance (ECA) Operations Advisory Committee established under the Water Sharing Plan (WSP) includes representatives from State Water, DPI, DECC and DWE as well as scientists and irrigators. State Water provides expert advice and information on water delivery requirements to the Committee. The Committee has recently appointed an operations manager from DECC, to whom State Water has given a standing invite to the Customer Service Committee (CSC) meetings.</p>

MoU Requirement	State Water Compliance
<ul style="list-style-type: none"> <li>Waste management</li> </ul>	<p>In 2006/07, State Water developed a Waste Reduction and Purchasing Policy (WRAPP) plan, in accordance with the Environmental Management Plan (EMP). The WRAPP Plan will be implemented in 2007/08. DECC was one of the key stakeholders consulted during the development of EMP.</p>
<ul style="list-style-type: none"> <li>Energy efficiency and Greenhouse</li> </ul>	<p>In 2006/07, State Water developed an Energy Management Plan, in accordance with the EMP.</p>
<ul style="list-style-type: none"> <li>Protection of threatened species</li> </ul>	<p>In 2006/07, State Water continued to involve DECC in a number of projects which could potentially impact on threatened species:</p> <ul style="list-style-type: none"> <li>Keepit and Chaffey Dam Upgrade Community Reference Panels (CRPs). This allowed DECC to provide advice and guidance on upgrade options and their implications on threatened species, environmental flows, cultural heritage and general water quality and river health.</li> <li>State Water also held discussions with the National Parks and Wildlife Service concerning the signing of a Voluntary Conservation agreement on Brushy Hill foreshore of Glenbawn Dam.</li> <li>Review of Environmental Factors (REFs) were carried out covering protection of threatened species and reviewed by DECC for projects on NMBC, Lake Brewster Water Efficiency Project and the Colligen Creek Refurbishment.</li> </ul>
<ul style="list-style-type: none"> <li>Protection of aboriginal and cultural heritage</li> </ul>	<p>As above, the involvement of DECC in the Keepit and Chaffey Dam Upgrade CRPs ensures that DECC is consulted on aboriginal and cultural heritage issues associated with these major works.</p> <p>State Water carried out aboriginal heritage field survey along the NMBC (up to 8km) as part of REF to reform spoil due to de-silting work on the NMBC.</p>
<p>Co-operate in developing and implementing agreed positions on environmental issues, which may include the following:</p>	
<ul style="list-style-type: none"> <li>Environmental flows</li> </ul>	<p>State Water has worked in partnership with DECC to successfully obtain funding from the Commonwealth National Water Fund for the NSW Rivers Environmental Restoration Program (RiverBank) in the interests of a whole of government approach to environmental outcomes.</p> <p>Throughout 2006/07, State Water was involved in RiverBank management meetings to discuss best use, management of water purchased under the DECC RiverBank scheme.</p>

MoU Requirement	State Water Compliance
	<p>State Water also undertook the following:</p> <ul style="list-style-type: none"> <li>• Providing operational data and information to Macquarie EFRG. State Water holds an advisory role to EFRG.</li> <li>• Contributing to the development of water use plan for the Adaptive Environment Water held by RiverBank in Lachlan and Macquarie Rivers.</li> <li>• Assisting with managing the Gwydir environmental flows by providing information and localised river knowledge.</li> </ul>
<ul style="list-style-type: none"> <li>• Water savings</li> </ul>	<p>In 2006/07, State Water and DECC developed draft Operating Principles and Protocols (OPP) for the operation of the NMBC. The NMBC is used to provide the replenishment flows in drought to the Macquarie River below the Marshes, supplementing natural flows through the Marshes. These new protocols aim to improve communications and water delivery efficiencies by increasing consultation and improved decision making processes.</p> <p>Also in 2006/07, State Water worked with DECC to develop the Yanco Creek Water for Rivers water savings options.</p> <p>Also in 2006/07, State Water consulted with DECC and presented Reviews of Environmental Factors for desilting work conducted instream to improve the efficiency of water delivery in the Gwydir river.</p>
<p>Consult with DECC in developing indicators and targets for State Water's environmental management plan</p>	<p>DECC were involved and consulted in the development of the original EMP and provided comment and feedback as part of the recent 12 month EMP review.</p>
<p>Information and data held by each party will be generally available</p>	<p>State Water readily provides DECC with the information it requires.</p>
<p>Any guidelines or published material will be provided free of charge</p>	<p>In 2006/07, all guidelines and published materials were provided free of charge.</p>
<p>Share expertise, personnel and facilities to fulfil project objectives</p>	<p>State Water and DECC regularly share expertise, personnel and facilities. In 2006/07, this included the following:</p> <ul style="list-style-type: none"> <li>• ECA Operational Advisory Committee consisting of DECC staff have been provided with State Water expertise, personnel and facilities with regard to delivery of ECA water to the Gwydir wetlands.</li> <li>• State Water organised information sessions on the drought contingency plan for water users in Lachlan River and invited DECC to promote RiverBank.</li> </ul>

MoU Requirement	State Water Compliance
	<ul style="list-style-type: none"> <li>State Water invited DECC to provide information on River Bank program to Macquarie Cudgegong CSC and the Lachlan CSC</li> <li>In the Murrumbidgee Valley, the Environmental Water Reference Advisory Group which includes DECC staff have assisted State Water in developing strategies to manage environmental water in the Murrumbidgee.</li> </ul>
Each party will nominate one Contact Officer to be the first point of call for any matters between the parties	Due to State Water's geographically dispersed operations, it is often not practical to have a single point of contact. Better cooperation and outcomes can be achieved through direct contact with the relevant officer in each area or valley. Therefore, State Water has designated Contact Officers for each regulated valleys. Some valleys have more than one Contact Officer, depending on its geographical size and operational complexity.
The Contact Officer will inform the Contact Officer of the other party when matters arise within each organisation that are relevant to the functions of the MoU	Regular contact occurs between the various Contact Officers as required.
Meetings held at least once a year between the CEOs of both parties	<p>State Water and DECC CEOs met on 30 November 2006.</p> <p>In addition, State Water and DPI's CEOs attend the bimonthly Natural Resource and Environment Cluster meetings and the Water CEOs meetings, as well as ad hoc meetings to address specific intergovernmental issues eg drought, water recovery, RiverBank.</p>
If there is a failure to agree on matters at a senior level, then the matter should be escalated to CEO level for resolution	There were no instances of matters being raised to State Water's CEO in 2006/07. The NMBC issue should have been raised between CEOs but went directly to Ministers.

During 2006/07, State Water contributed to the development of a successful NSW bid to the Australian Water Fund titled 'The NSW Rivers Environmental Restoration Program' which is coordinated by the Department of Environment and Climate Change. The National Water Commission approved funding of \$71 million for the Program, including \$10 million for the State Water subproject 'Better Delivery of Environmental Water'. The State Water project aims to improve the release, management and delivery of environmental flows through a range of feasibility studies and structural works that provide for the removal of instream barriers and improvements in the quality, quantity and timing of environmental flows.

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DECC representatives are often invited to attend State Water's CSC meetings and attend when resourcing levels permit. Issues raised with DECC at CSC meetings in 2006/07 include: Riverbank Projects (Macquarie-Cudgegong).

In addition, during 2006/07, State Water has been working with DECC to develop a Schedule as part of the MoU, defining key areas where the two organisations will be able to work together in partnership. A draft was prepared during 2006/07 and is awaiting a formal response from DECC.

### **State Water Corporation and DPI**

State Water has had a MoU with NSW Fisheries for the last three years which has resulted in the development of an effective working relationship between the two organisations. With the amalgamation of Fisheries into DPI, State Water has committed to establishing these relationships with all arms of this new department. To this end the new MoU was signed on 23 June 2006.

The purpose of the MoU is to serve as the basis for cooperative relations between DPI and State Water in fulfilling their responsibilities including the protection of water quality and ensuring environmental sustainability. The MoU recognises DPI's role as the agency responsible for fisheries management in the State and address aquatic habitat and fish passage impacts of State Water's operations and information sharing arrangements. In addition, the MoU recognises the role of DPI as the agency responsible for primary industry and agriculture management.

State Water and DPI have also entered into a 3 year Service Level Agreement (SLA) on 23 June 2006 with annual renewal at the end of this period. The SLA indicates which services are to be charged on a fee for service basis as well as the services which are to be exchanged freely during routine dealings between the parties.

At the start of each financial year, State Water holds an Annual Report meeting with DPI to discuss previous year's outcomes and upcoming projects and priorities. The DPI (Fisheries) Liaison Officer discusses with State Water Area officers the latter's individual works programs and the inputs required by DPI.

State Water has worked with DPI in accordance with the MoU, as shown in the following schedule:

MoU Requirement	State Water Compliance
<p>Co-operate to work towards achievement of agreed environmental objectives, which may include:</p>	
<ul style="list-style-type: none"> <li>• Fish passage objectives</li> </ul>	<p>DPI and State Water have committed to work in a partnership approach to develop redundant weir removal investigation and approval process using north coast case study.</p> <p>In 2006/07, DPI and State Water have developed a Fishway Monitoring Program under the MoU Service Level Agreement. The Monitoring Program outlines the legislative drivers, fish community science, engineering requirements and methodology needed to monitor the effectiveness of new fishways.</p> <p>In addition, State Water and DPI have been investigating the possibility of removing 3 unregulated weirs on the north coast to improve fish passage.</p>
<ul style="list-style-type: none"> <li>• Any other objectives as agreed between the parties or by Government. These may include objectives for construction, maintenance and operation of STATE WATER structures (including management of thermal impacts); and protection of threatened species and habitats</li> </ul>	<p>State Water and DPI maintained their partnership approach to achieve environmental outcomes as part of the State Water Dam Safety Upgrade Program. Key activities included:</p> <ul style="list-style-type: none"> <li>• Heavily involved in the Community Reference Panels for the Keepit and Chaffey Dam Upgrades aiding State Water in the options development process;</li> <li>• Continuation of innovative investigations into potential fishway and cold water pollution options past Keepit Dam with finalisation of concept designs and cost benefit analyses;</li> <li>• Finalisation of the environmental assessment process for Stage 1 of the Blowering Dam Upgrade Project; and</li> <li>• Initial fish passage assessment and investigation requirements as part of the Burrendong, Copeton, Split Rock and Wyangala Upgrades.</li> </ul>
<p>Co-operate in developing and implementing agreed positions on environmental issues, which may include:</p>	

MoU Requirement	State Water Compliance
<ul style="list-style-type: none"> <li>• Aquatic habitat</li> </ul>	<p>State Water and DPI worked closely as part of the Split Rock Bulk Water Transfer to provide consistent information and advice to the general public and media on the potential impact of the transfer on the instream fish community. A protocol is to be developed in the future.</p> <p>In August 2006, State Water dewatered the stilling basin of Blowering Dam outlet works. DPI officers were present to monitor the condition of the Tumut River under no flow conditions to ensure no fish were distressed. In addition, a fish rescue crew was in attendance to monitor the adequacy of the oxygen level in the remaining water and rescue any fish in the basin as required. This cooperation ensured that no adverse fish impacts occurred.</p>
<ul style="list-style-type: none"> <li>• Fish passage</li> </ul>	<p>In 2006/07, DPI and State Water worked together on a number of initiatives to improve fish passage:</p> <ul style="list-style-type: none"> <li>• As outlined above, in 2006/07, State Water and DPI commenced discussions to develop a "Bring Back the Fish" project commencing in 2007/08 for 3 North Coast Weirs.</li> <li>• In early 2007, State Water and DPI cooperated in removing fish from the coffer dam at Copeton Dam.</li> <li>• State Water completed a review of fish passage in the Murrumbidgee River system in consultation with DPI.</li> <li>• State Water, DPI and Water for Rivers working cooperatively to review fish passage in the Yanco Creek system.</li> <li>• State Water commenced work with DPI and the Lower Murray Darling CMA to install fish passage on the Lower Darling River at Weir 32.</li> <li>• State Water has commenced investigations to install fishways as part of the Colligen and Gulpa Creek regulator refurbishments.</li> <li>• State Water consulted with DPI on the REF for the Colligen Creek Refurbishment.</li> </ul>
<ul style="list-style-type: none"> <li>• Environmental flows</li> </ul>	<p>DPI and State Water cooperatively participate in EFRG in Macquarie Cudgegong Rivers.</p>
<ul style="list-style-type: none"> <li>• Water savings</li> </ul>	<p>DPI and State Water cooperatively contribute to the NSW Water Recovery for Wetlands Programs.</p>
<p>Consult with DPI in developing indicators and targets for State Water's environmental management plan</p>	<p>DPI were involved and consulted in the development of the original EMP and provided comment and feedback as part of the recent 12 month EMP review.</p>

MoU Requirement	State Water Compliance
The parties will share information relevant to measuring State Water's environmental performance and progress towards agreed objectives	As outlined in the MoU, DPI provide State Water with an Annual Report which outlines activities completed for the financial year and also reports against Key Performance Indicators as outlined in the Service Level Agreement.
Information and data held by each party will be generally available	Reports on projects affecting both organisations have passed on via the Contact Officer.
Any guidelines or published material will be provided free of charge	In 2006/07, all guidelines and published materials were provided free of charge.
Share expertise, personnel and facilities to fulfil project objectives	The DPI (Fisheries) Liaison Officer discusses with State Water Area officers the latter's individual works programs and the inputs required by DPI.
Each party will nominate one Contact Officer to be the first point of call for any matters between the parties	<p>Both State Water and DPI have nominated MoU Contact Officer.</p> <p>The relationship between State Water and DPI continues to be effective under the MoU.</p> <p>The DPI Liaison arrangement allows State Water staff to access consistent advice and for State Water staff to establish an ongoing relationship with DPI.</p>
The Contact Officer will inform the Contact Officer of the other party when matters arise within each organisation that are relevant to the functions of the MoU	State Water's and DPI's Contact Officer are in ongoing contact, keeping both organisations abreast of key projects and initiatives operating under the MoU.
Meetings held at least once a year between the CEOs of both parties	<p>At the start of each financial year, State Water holds an Annual Report meeting with DPI to discuss previous year's outcomes and upcoming projects and priorities. State Water's CEO attends these meetings. In 2006/07, this meeting occurred on 14 November 2006.</p> <p>In addition, the CEOs of State Water and DPI's attend the bimonthly NR&amp;E Cluster meetings and the Water CEOs meetings, as well as ad hoc meetings to address specific intergovernmental issues eg drought, water recovery, Riverbank.</p>
If there is a failure to agree on matters at a senior level, then the matter should be escalated to CEO level for resolution	There were no instances of matters requiring to be raised to State Water's CEO in 2006/07.

For key performance indicators associated with the Service Level Agreement between State Water and DPI, please refer to the Environment Management Plan section.

### **State Water Corporation and Department of Water and Energy**

The MoU with the Department of Natural Resources, now the Department of Water and Energy (DWE), provides the basis for co-operative relations between the DNR and State Water in fulfilling their responsibilities, including water management and ensuring environmental sustainability.

The MoU recognises DWE's role in regulating water access, use and management and State Water's role in delivering water and managing assets. It addresses the coordination of functions and associated responsibilities between DNR and State Water, including arrangements in relation to information sharing and the making and announcements of available water determinations (AWDs) and controlled flows.

State Water is working with DWE to define roles and responsibilities between the two organisations regarding functions such as compliance, crediting of water accounts, supplementary water allocation, water quality monitoring and management. Preliminary drafting of the Water Supply Works Approval conditions has occurred through a working group process between DWE's Corporate Licensing Unit and State Water representatives.

State Water is a key participant in the Cold Water Pollution Inter-Agency Group on which DNR, DPI and DEC are also represented. A key initiative in 2006/07 was the drafting of cold water pollution management conditions in readiness for the above mentioned Water Supply Works Approval condition development process. The cold water pollution conditions will focus on the requirement to have operating protocols in place and performance monitoring to assess their effectiveness in mitigating downstream impacts.

State Water participates in several interagency committees on which DWE is also represented, including the Water CEOs' Committee and the Natural Resources and Environment Cluster Group.

As outlined above, the IPART Report on State Water's 2005/06 Operational Audit highlighted several issues with the MoU with DWE. In 2007/08, State Water will be revisiting the MoU with DWE to address these issues and ensure that the MoU continues to form the basis for a cooperative relationship in all areas where State Water and DWE interact.

State Water has worked with DWE in accordance with the MoU, as shown in the following schedule:

MoU Requirement	State Water Compliance
<p>Co-operate to work towards achievement of agreed water management objectives, which may include:</p>	
<ul style="list-style-type: none"> <li>• Water sharing plan objectives</li> </ul>	<p>State Water and DWE worked together extensively to achieve water sharing plan objectives. In 2006/07, this included:</p> <ul style="list-style-type: none"> <li>• In the Northern Valleys, State Water and DWE worked closely with customers to determine the best way to conduct water accounting in an extremely dry year without violating the WSP.</li> <li>• Working with Gwydir irrigators to develop rules for equitable access to supplementary flows.</li> <li>• State Water provided comment and assistance to DWE in developing the Paterson river regulated WSP.</li> <li>• State Water provided information to be used in developing the Brogo and Toonumbar WSPs. Worked with DWE following the suspension of the Hunter WSP in developing drought management plan reviewing end of system environmental flow rules.</li> <li>• State Water worked with DWE to develop and implement drought contingency plans in Lachlan and Macquarie Cudgegong Rivers.</li> <li>• State Water invited DWE to information sessions (Verandah chats) for Lachlan water users.</li> <li>• State Water and DWE held regular tele-conferences with local councils in Macquarie Cudgegong and Lachlan Rivers on drought management.</li> <li>• In the Lachlan and Macquarie Valleys, State Water and DWE held consultations via tele-conferences on possible allocation for 2007/08 with key water users.</li> <li>• State Water worked with DWE following suspension of WSP in Murray and Murrumbidgee to develop and implement drought contingency plans.</li> <li>• In the South Area, State Water and DWE attended monthly AWD meetings.</li> </ul> <p>In 2007/08, State Water will continue to provide assistance to DWE in initiating a Lowbidgee Water Management Plan as required under the Murrumbidgee River WSP. This planning tool would provide greater certainty for both State Water and customers.</p>

MoU Requirement	State Water Compliance
<ul style="list-style-type: none"> <li>Objectives for the construction, maintenance and operation of State Water structures</li> </ul>	<p>State Water and DWE are members of the Cold Water Pollution Interagency Group, which is developing operating protocols for dams with multi level offtakes. Further detail is provided in the preceding DECC MoU section.</p>
<p>Co-operate in developing and implementing agreed positions on environmental issues, which may include:</p>	
<ul style="list-style-type: none"> <li>Environmental flows</li> </ul>	<p>Coastal Area assisted hunter DWE staff in an environmental flow release using the Environmental Contingency Allowance from Lostock dam.</p>
<ul style="list-style-type: none"> <li>Water savings</li> </ul>	<p>State Water interacted with DWE on the following water savings projects:</p> <ul style="list-style-type: none"> <li>In the North Valleys, bulk water transfer and block releases timings and patterns were agreed by DWE prior to the events.</li> <li>State Water's coastal valleys developed an End of System averaging protocol that DWE approved to meet environmental flow target and save water</li> <li>State Water's Central Area assisted in providing operational information to consultants of DWE on Water Recovery for Wetlands Program.</li> <li>State Water, DWE and Water for Rivers worked cooperatively to identify water savings opportunities in the Murrumbidgee River and Yanco Creek systems.</li> <li>State Water assisted in implementing Forest Creek water savings as per agreement with DWE.</li> <li>State Water is a key participant in DWE's Darling River Water Savings Project, which is funded by the National Water Commission. State Water provides input on the management of Menindee Lakes and options for water efficiency.</li> <li>Worked with DWE to review the Murrumbidgee River system for measures that contribute towards the Living Murray initiative.</li> </ul>
<p>Consult with DWE in developing indicators and targets for State Water's environmental management plan</p>	<p>DWE were involved and consulted in the development of the original EMP and provided comment and feedback as part of the recent 12 month EMP review.</p>

MoU Requirement	State Water Compliance
<p>Information and data (HYDSYS, LAS, WO&amp;U) held by each party will be generally available free of charge, unless covered by a Service Level Agreement</p>	<p>State Water and DWE continue to share access to data in the LAS, and Water Accounting System at no cost. The data in HYDSYS is also shared, but State Water pays DWE as a service provider for operation and maintenance of the regulated river hydrometric network.</p> <p>State Water also provides DWE with regular updates on water account, storage and flow information for AWD determinations.</p> <p>State Water also provides information to DWE on Blue Green Algae levels. This information is provided weekly or fortnight depending the season and the presence of algal outbreaks. DWE's role is to communicate algal alert levels to the public, in consultation with State Water.</p>
<p>Any guidelines or published material will be provided free of charge</p>	<p>In 2006/07, all guidelines and published materials were provided free of charge.</p>
<p>As specified in Service Agreements, parties will share expertise, personnel and facilities to fulfil project objectives</p>	<p>The Hydrometric SA has not been finalised. Despite this, DWE bills State Water for the services it provides and State Water continues to share expertise, personnel and facilities with DWE.</p> <p>In 2007/08 State Water is aiming to implement an IT service agreement to cover the jointly owned applications.</p>
<p>Each party will nominate one Contact Officer to be the first point of call for any matters between the parties</p>	<p>Following the implementation of the MoU. It has emerged that it is not practical to have a single point of contact between State Water and DWE, given the frequency of interaction and the breadth of issues collaborated on between the two entities. Each geographical unit of State Water has nominated one or more contact offices, depending on the size and needs of the business in that area.</p>
<p>The Contact Officer will inform the Contact Officer of the other party when matters arise within each organisation that are relevant to the functions of the MoU</p>	<p>Regular contact occurs between operations staff and DWE water management staff.</p>

MoU Requirement	State Water Compliance
<p>Meetings held at least once a year between the CEOs of both parties</p>	<p>In 2006/07, the CEOs of State Water and DWE held five one on one meetings. Since January 2007, these meetings have occurred bimonthly, reflecting the importance of State Water’s continued interaction with its primary regulator. These bimonthly meetings are continuing in 2007/08. Issues discussed at these meetings include resource assessment, the vesting order, the joint DWE/State Water WIX project, Works Approvals, hydrometrics and billing.</p> <p>In addition, State Water and DWE CEOs attend the bimonthly NR&amp;E Cluster meetings and the Water CEOs meetings, as well as ad hoc meetings to address specific intergovernmental issues eg drought, water recovery, Riverbank, Water Sharing Plan implementation.</p>
<p>If there is a failure to agree on matters at a senior level, then the matter should be escalated to CEO level for resolution</p>	<p>CEO of State Water made representations to DG of DWE with regards to delays in implementation of a key drought contingency measure (restricted access to general security allocations at the end of summer watering) in Macquarie Cudgegong Rivers. The drought measures were subsequently implemented in April 2007.</p> <p>State Water intends to review and clarify the separation of asset management responsibilities in relation to the construction of Water Recovery, Living Murray and drought emergency measures with a view to formally shifting asset design, construction and management to State Water (especially where ownership is likely to rest with State Water). This will need to be resolved at a CEO level.</p>

## 2006/07 Report to IPART under the Operating Licence

DWE representatives are frequently invited to attend State Water's CSC meetings and attend when resourcing levels permit. Issues raised with DWE at CSC meetings in 2006/07 include:

- WSP issues including: the adequacy of DWE staffing levels for Resource Assessments, timing of WSP implementation manuals, re-activation of the Murray WSP, environmental flows
- The 2006 Bulk Water Determination
- The Gingham Channel Pipe and Bore project
- Stream and aquifer interactions
- Groundwater allocations
- National Plan for Water Security

In addition, the following standard regular interactions are underpinned by the principles of the MoU:

<b>Task</b>	<b>Role of State Water</b>	<b>Role of DWE</b>
Operations Planning	State Water plans annual operations for a range of scenarios from drought, dry, median and wet conditions on the storage behaviour. State Water carries out allocation prognosis for different scenarios.	DWE provides modelling data. The models are updated based on input by State Water operations and performance review.
Available Water Determination orders	In the Lachlan and Macquarie Valleys, once the RA is approved, if there is an allocation increase then the draft AWD orders are prepared by State Water and electronically sent to DWE for signature.	AWD orders are issued and copies sent to State Water
Allocation media release	State Water issues subsequent media releases, newsletters to supplement the detail of the AWD.	Media releases are prepared and issued by DNR.
Crediting of water accounts with AWDs	Checks accounts for correctness of information and provides feedback to DWE.	Actual crediting of allocations in the water accounts
Water accounts	Managed by State Water. Statements are sent to customers periodically and on request.	Audit
Carryover evaporation reduction	Calculated and applied to the carryover sub-accounts by State Water	None
Other dealings under section 71	Advise to DWE on the status of account water and feedback	Processed, approved and managed in the system by DWE licensing

Task	Role of State Water	Role of DWE
Supplementary events	Proposed and managed by State Water as per draft Implementation Manual (IM) and communicated to DWE. Reporting to DWE.	Approval within 4 hours of communication from State Water. Audit event report.
Environmental water release	<p>Advises Environmental Flow Reference Group (EFRG), or other, on operations and Water Sharing Plan Rules.</p> <p>Release is managed as per DWE approval.</p>	Decision after recommendation by EFRG and issuance of approval to release.
Air Space Operations	Executed by State Water on advice from Flood Mitigation Zone reference group.	Approval of airspace operations protocol as per IM, with the exception of Glenbawn just done in accordance with Flood Operations manual.
Resource Assessments (RA)	<p>The role of State Water varies between valleys:</p> <ul style="list-style-type: none"> <li>• RA is prepared by State Water in the Lachlan, Macquarie, Gwydir, Namoi, North Coast and South Coast and sent to DWE for approval.</li> <li>• In valleys where the RA is prepared by DWE, State Water's role is to provide information to DWE to including: storage data, water account information, crop details. State Water also checks the assessments done by DWE.</li> </ul>	<p>In all valleys, the role of DWE is to recommend any increments in AWDs to the Minister. DWE communicates these increments to State Water.</p> <p>In the Hunter and Murrumbidgee Valleys, the RA is undertaken by DWE.</p>
Delivery of annual Stock and Domestic Replenishment flows	Managed by State Water as per draft IM and communicated to DWE.	None
Management of supply constraints	State Water as per protocol developed in consultation with CSC.	Approval of supply constraint management protocol.
Drought Management	Development of draft Drought Contingency Plans (DCP) in consultation with CSC and recommendations to DWE	Approval of DCP

## Customer Service Charter

State Water, in consultation with the Customer Service Committees (CSCs), has in place a customer service charter ("Charter") in accordance with Clause 4.1 of the Operating Licence. The Charter was established on 28 January 2005.

In keeping with Clause to 4.2, the Charter sets out the mutual responsibilities or obligations of State Water and its Customers (excluding Fish River customers) consistent with the Operating Licence, the *State Water Corporation Act 2004*, the *Water Management Act 2000* and the *Water Act 1912*. The Charter is available to the public as required under Clause 4.3 of the Operating Licence.

In accordance with Clause 4.4 of the Operating Licence, State Water has reviewed and updated the Customer Service Charter, in consultation with the Customer Service Committees. A revised Charter was implemented from 1 July 2007.

Clause 4.5 of the Operating Licence indicates State Water's requirement to report to IPART on the Charter, as follows:

*"State Water must by no later than 1 September each year, for the preceding financial year, report to IPART on its overall performance against its obligations under the Charter and where appropriate State Water is also to report on its performance against its obligations under the Charter in relation to each valley."*

The following table provides a summary of State Water's overall performance against its obligations under the Charter.

### Customer Service Charter – Target and Achievements

Target	Achievements
<b>CUSTOMER SERVICE</b>	
State Water will provide all information needed for quality customer service and staff will respond promptly, efficiently and courteously at all times.	<p>Three complaints were received in regard to customer service (two in the South Coast and One in the Gywdir Valley). The complaints resulted from misunderstandings of roles and responsibilities of employees and therefore all were referred to the appropriate organisation.</p> <p>Frontline employees in all valleys were trained in improved customer service and conflict resolution skills to assist them in dealing with the increased numbers of distressed enquiries as a result of the drought.</p>

Target	Achievements
<p>State Water will be readily contactable by customers. We will be available during standard working hours 8.30am to 4.30pm at our offices or on our mobile phones. We will acknowledge within one working day any telephone messages, faxes, emails or voicemails. On weekends and public holidays, the duty operations officer or Operations Manager will respond to any problem or urgent issues with water delivery.</p>	<p>State Water's statewide office hours are 8.30 am to 4.30 pm, Monday to Friday.</p> <p>The Customer Service Managers, Operations Manager and Customer Service Operators' mobile numbers are published on the State Water internet site.</p>
<p>State Water will communicate with customers effectively and equitably, publishing relevant information on the Internet for access by customers.</p>	<p>State Water has reviewed and improved information services to customers, especially with the increased importance of providing accurate and timely information to customers during the drought. State Water has increased the usage of customer notices to directly fax, SMS text or post for critical water delivery announcements to customers in all valleys. The majority of media releases and customer notices were uploaded to the intranet within 24 hours of release. Customer Information services are being set up where customers elect to be on designated distribution lists to receive all important information directly by fax or email.</p> <p>Following the 2006 IPART Determination, State Water published on the internet a series of customer fact sheets explaining the key elements of the Determination.</p> <p>State Water published newsletter and information sheets on the internet for customers in the Lachlan and Macquarie Cudgegong.</p>
<p>State Water will develop and continuously improve electronic systems to handle all standard water ordering, billing, trading and account management tasks on a continuous basis.</p>	<p>A number of water accounting rule changes were made this year as a result of the deepening drought conditions and the suspension of water sharing plans. State Water's electronic systems were modified to accurately process these changes in water accounting rules and advise customers of their new account balances.</p> <p>Following the 2006 IPART Determination, State Water provided a "Ready Reckoner" on the internet to allow customers to calculate their bulk water bill using the newly determined prices.</p> <p>In 2006/07, email addresses were established for water ordering in Lachlan and Macquarie Cudgegong. Trading application forms for the Lachlan and Macquarie Cudgegong have been placed in internet.</p>

Target	Achievements
State Water will provide a customer account queries hotline.	Customer account enquiries hotline in operation (1800 353 091). The hotline received an average of 564 calls per month in 2006/07.
State Water will develop and publish compliance, debt management, water trading and water restriction processes to inform the customer of transparent decision making and demonstrate procedural justice.	<p>State Water is continuing to develop in this area, in consultation with the Department of Water and Energy. Compliance policies have been developed and are available for staff information on the intranet. In 2006/07, State Water successfully pursued legal action for non-compliance against several customers in the South Area.</p> <p>The following information is provided on the internet:</p> <ul style="list-style-type: none"> <li>• Debt management and payment options;</li> <li>• NSW Water Extraction Monitoring Standards;</li> <li>• Link to Department of Water and Energy site for water trading and compliance information.</li> </ul> <p>In 2006/07, the following number of customers were in receipt of assistance (deferred payments) under State Water's debt management policy:</p> <p>July 2006 – 9  August 2006 – 5  September 2006 – 25  October 2006 – 42  November 2006 – 49  December 2006 – 47  January 2007 – 27  February 2007 – 27  March 2007 – 0  April 2007 – 19  May 2007 – 44  June 2007 - 62</p> <p>The figures for each month are standalone, not cumulative.</p>
State Water will treat customer information with privacy and confidentiality in accordance with Freedom of Information legislation.	<p>No notified incidences of non compliance.</p> <p>Privacy Statements are now included on all forms that collect or use customer contact details.</p>
State Water will provide a complaint handling process.	The Board endorsed complaint handling framework in March 2005, and policies and procedures in July 2006. In 2006/07, all employees received training in the system and State Water has published a pamphlet entitled "Customer Concerns" to assist customers in using the new system.

Target	Achievements
State Water will provide a dispute resolution process and advice for customers and suppliers on handling disputes.	As required by State Water's Operating Licence, the Energy and Water Industry Ombudsman (EWON) has been engaged to handle external disputes. State Water's complaints handling policy promotes EWON as an avenue for customer complaints.
State Water will undertake a customer satisfaction survey every three years.	<p>Regulated river customers were surveyed in July and August 2006. Overall satisfaction rating improved from 7.2 out of 10 in 2002 to 7.3 in 2006.</p> <p>A strategy has been developed to address the issues raised in the survey. Actions include: further development of on-line water ordering; more customer newsletters; easier access to the local employee a customer needs to talk to, including the possibility of a statewide 1300 phone number; a review of weekend water delivery operations; and improved authorisation for billing officers to negotiate payment terms.</p>
State Water will develop and publish a Code of Practice and Procedures on Debt Management. The Procedures will include 'How to pay' and 'Where to pay' information.	A State Water Code of Practice and Procedures on Debt Management has been developed in consultation with the Customer Service Committees. The Code was adopted by the Board in February 2005. A simplified customer-friendly version is available on the internet. In addition to 'How and where to pay' information, guidelines for alternative payment plans and suspensions are also provided on the website and linked to the NSW government portal home page.
State Water will commence bulk water billing within eight weeks of the end of the period and will provide at least three options for payment.	<p>With the exception of the Barwon, which is billed quarterly, all State Water's regulated valleys were billed in August 2006 for 2005/06 water charges.</p> <p>The billing periods for the Barwon during 2006/07 were:</p> <ul style="list-style-type: none"> <li>• March 2006 quarter – May 2006</li> <li>• June 2006 quarter – August 2006</li> <li>• September 2006, December 2006 and March 2007 quarters - April 2007</li> </ul> <p>The three payment options are advertised on back of accounts: in person at any State Water office; by post to Head Office; or by BPay.</p>
State Water will develop protocols for adopting Best Management Practice and work with customers to ensure that when entering properties to read and inspect meters, our staff do so with minimal disruption and impact.	<p>Best practice guidelines for entering properties are issued by each industry. These guidelines are followed by Customer Service Officers.</p> <p>In 2006/07, State Water received one customer complaint relating to officers entering properties. State Water engaged IAB to investigate the complaints and it was resolved to the satisfaction of the complainant.</p>

Target	Achievements
<p>State Water will comply with requirements under various Acts including <i>State Owned Corporations Act 1989, State Water Corporation Act 2004, Water Management Act 2000, Water Act 1912, Occupational, Health and Safety Act 2000, and the Dams Safety Act 1989.</i></p>	<p><b>Water Management Act 2000:</b> In 2006/07, State Water's electronic systems were modified to comply with the number of changes in water accounting rules announced in a number of valleys this year. These accounting rule changes were the result of the deepening drought conditions and were announced by DWE to ensure appropriate response to the drought while being compliant with the Water Management Act. There were no instances of non-compliance.</p> <p><b>Dam Safety Act:</b> No notified incidences of non compliance. Working towards full compliance for dam safety across the dam portfolio.</p> <p><b>Occupational Health and Safety Act:</b> No notified instances of non compliance.</p> <p><b>State Owned Corporations Act:</b> State Water obtained an extension to delay the finalisation of the 2006/07 Statement of Corporate Intent (SCI) until after the IPART Bulk Water Price Determination was released. As a result, the 2006/07 SCI was signed by all relevant parties on 13 November 2006.</p> <p>State Water obtained an extension for the submission of the 2005/06 Annual Report to the Treasurer. The 2005/06 Annual Report is expected to be submitted in the week beginning 3 September 2007.</p> <p><b>State Water Corporation Act:</b> No instances of non-compliance. See below for compliance with the Operating Licence in 2006/07.</p>
<b>WATER DELIVERY</b>	
<p>State Water will be vigilant in continually reviewing and increasing operational efficiencies to maximise the delivery of available water to customers consistent with Water Sharing Plans.</p>	<p>State Water initiated a number of measures to increase operational efficiency in response to the on going drought:</p> <ul style="list-style-type: none"> <li>• Drought management plans were developed and implemented in Lachlan and Macquarie Cudgegong aimed at conserving water.</li> <li>• State Water's coastal valleys developed an End of System averaging protocol that DWE approved to meet environmental flow target and save water</li> <li>• In the Southern Valleys, a range of measures have been undertaken in consultation with DWE to minimise system losses and increase reliability, including minimising end of system losses, minimising use of some storage to reduce evaporating and seepage losses and implementing demand management to maximise downstream inflows.</li> </ul>

Target	Achievements
	<ul style="list-style-type: none"> <li>• State Water consulted with DECC and presented Reviews of Environmental Factors for desilting work conducted instream to improve the efficiency of water delivery in the Gwydir River.</li> <li>• In the Northern Valleys, State Water and DWE worked closely with customers to determine the best way to conduct water accounting in an extremely dry year without violating the WSP.</li> <li>• State Water worked with Gwydir irrigators to develop rules for equitable access to supplementary flows.</li> </ul>
<p>State Water will credit AWD water into customer accounts within one day of being advised of a determination and will provide access to this information to all customers through the internet within the same timeframe.</p>	<p>State Water is no longer able to credit accounts as this function has transferred to the Department of Water and Energy.</p>
<p>State Water will report on extraction performance against water ordering to customers.</p>	<p>Water allocation statements report extraction performance against water ordering. Water allocation statements are forwarded to customers routinely. In addition, water delivery performance is a standing meeting agenda item for most CSCs (Border, Gwydir, Namoi-Peel, Macquarie Cudgegong, Lachlan, Murrumbidgee, Murray).</p> <p>In State Water's Southern Valleys, customer water ordering was enforced and reports comparing orders with extractions was provided to the Murrumbidgee and Murray Customer Service Committees.</p> <p>Extensive media and customer notification was sent out during the 06/07 water year to ensure all customers are well informed on the importance of water orders. A review of travel times and water order lag times was carried out and any anomalies rectified.</p>
<p>State Water will reschedule orders in consultation with customers within one day of a known shortage.</p>	<p>See Performance Indicators</p>
<p>State Water will investigate climatic modelling to improve predictive capability of daily demand to supplement water orders.</p>	<p>This project has been deferred due a lack of internal resources.</p>

Target	Achievements
<p>Supplementary water announcements will be made available to customers within two hours of the event determination by DWE.</p>	<p>State Water alerts customers of supplementary water announcements by issuing media releases. State Water also sends notices direct to customers by fax and by text messaging in some areas. Due to the severity of the drought, there were very few supplementary announcements in 2006/07, except in the Coastal valleys.</p> <p>In the Coastal Valleys, State Water undertakes the determination of supplementary flow access under delegation from DWE due to the quick response time that the rivers reflect to rainfall. Coastal Area commenced communicating electronically to customers via SMS email or faxstream. In 2006/07, more than 90 separate communications were sent to customers using these methods most covering supplementary flow access and off allocation flow access. All notifications met this timeframe for 2006/07.</p> <p>For most of the year, the Gwydir, Namoi and Border Rivers had a DWE enforced embargo preventing supplementary and off-allocation access during 2006/07. The Gwydir Valley had one event which was announced immediately. All Peel Valley off-allocation notifications met this requirement.</p> <p>In the Macquarie Valley, there was one supplementary event. The event was assessed and communicated to water users on 11 June 2007 (long weekend) within 2 hours of approval by DWE. Extensions to the same event were communicated to water users within 2 hours of approval by DWE. The Lachlan Water Sharing Plan does not provide for supplementary events.</p> <p>Access to unregulated flows by general security licences in Belubula River was communicated to customers promptly by operation staff.</p> <p>In the Southern Valleys there were no supplementary events during 2006/07. However, State Water has systems and procedures in place to comply with this target when future events occur.</p>
<p>State Water will develop a checklist process for determining supplementary events and advising customers.</p>	<p>This process is ongoing. Given the different characteristic of each valley, a standard checklist for all valleys is not practical.</p> <p>Checklists have been developed in the Namoi and Gwydir Valleys. State Water has been working towards developing a system of equitable announcements of supplementary flows by working closely with the Gwydir Valley Irrigators, as DWE has not yet prepared these guidelines. In some valleys, such as the coastal valleys, State Water is now authorised by DWE to make the Supplementary Water availability announcements.</p>

Target	Achievements
	<p>In the Coastal Valleys, a format for the determination of supplementary events was developed in 2005/06 and continues to be used for approval by DWE.</p> <p>In the South Area, it is impractical to develop a checklist process due to complex nature supplementary event determination rules in the WSP and the relationship between Murrumbidgee, Murray and Lower Darling. In Murrumbidgee, because of requirement of Murray resource requirements, State Water must consult with DWE before determining an event. In Murray Valley, supplementary events are decided by River Murray Water.</p>
<p>State Water will continue to develop national standards for meters to ensure that our customers and business needs are best met.</p>	<p>In 2006/07, State Water continued to work with the National Water Commission to develop national metering standards.</p>
<p>State Water will enforce compliance with National Metering Standards.</p>	<p>State Water's metering standards are in line with what is being proposed at the national level. These metering standards are applied consistently across all valleys. In instances of breaches, Licence holders may now be required to replace mechanical meters with accurate non-mechanical meters.</p>
<p>State Water will process complying intra-valley water trades within four working days.</p>	<p>See Performance Indicators</p>
<p>Any Water going through a licensed work meter will be charged regardless of the nature/purpose of use, unless State Emergency Provisions are triggered.</p>	<p>State Water's billing rules have been changed to incorporate these provisions.</p>

Target	Achievements
<p>State Water will develop a compliance and penalties regime in conjunction with CSCs.</p>	<p>The Lachlan, Macquarie-Cudgegong and Murray CSCs have endorsed implementation of compliance and penalties regime for 2006-07.</p> <p>In State Water's Southern Valleys, the compliance and penalties regime was developed with the CSCs in 2005/06 and implemented in 2006/07. In 2006/07 some penalties have been imposed under this regime after pursuing legal action. Two cases have been referred to DWE for prosecution for breach of licence conditions and notices.</p> <p>In the North Area valleys, the CSCs have been involved in compliance and penalty regimes for 2007/08. Compliance issues are a standing agenda item for CSCs and representatives from the DWE have attended the Namoi and Gywdir CSC meetings to outline DWE's approach on compliance.</p> <p>The focus of the Coastal CSC in 2006/07 was on managing the drought and resource assessment issues. Despite this, State Water referred one case to DWE for further action.</p>
<p><b>ASSET MANAGEMENT</b></p>	
<p>State Water will provide asset management services at efficient cost as defined by inter-valley and industry benchmarks.</p>	<p>Benchmarking has been deferred, pending the finalisation of the Rural Performance Benchmarking Framework by the National Water Commission.</p>
<p>State Water will ensure continuing involvement of CSCs in the Total Asset Management Planning (TAMP) process.</p>	<p>Since the 2006 IPART Determination, the primary mechanism for the involvement of the CSCs in the TAMP process is via the development of the Valley Business Plans. The Namoi-Peel, Gwydir, Macquarie-Cudgegong, Lachlan and Murrumbidgee CSCs were all involved in TAMP process as part of the development of the Valley Business Plans. In addition, asset management is a standing meeting agenda item for all CSCs except the Coastal CSC.</p> <p>The Coastal CSC was not closely involved in the TAMP process as the focus was on drought and resource access issues. However, the CSC did review the proposed capital program as part of the Valley Business Plan process.</p> <p>The Lachlan CSC was particularly active in TAMP issues. During 2006/07, the Lachlan CSC:</p> <ul style="list-style-type: none"> <li>• nominated a CSC member as liaison person for dam upgrade works;</li> </ul>

Target	Achievements
	<ul style="list-style-type: none"> <li>• was actively involved with the willow clearing project; and</li> <li>• was actively involved with Lake Brewster water efficiency project.</li> </ul> <p>In 2006/07, the Macquarie Cudgegong CSC was actively involved with NMBC de-silting project.</p>
State Water will manage asset maintenance and renewal to provide assets in a state that is 'fit for purpose'	<p>Asset maintenance and renewal has been managed effectively and efficiently and water delivery was not compromised in managing the assets.</p> <p>Annual maintenance and surveillance audits were undertaken in accordance with requirements set by the Dam Safety Committee (DSC), the Australian National Committee on Large Dams. Dam Safety Emergency Plans are being progressively updated in accordance with DSC and State Emergency Service Requirements.</p>
State Water will demonstrate compliance with best management standards.	No notified incidences of non compliance or failure of assets.
State Water will identify beneficiaries in cost sharing arrangements.	Beneficiaries identified in October 2005 pricing submission to IPART. The actual decision on sharing of costs has been left to IPART.
State Water will comply with the Operating Licence.	In 2006/07, State Water complied with all the requirements of the Operating Licence, with the exception of the completion of all Water Balances by 1 September 2007. The incomplete water balances from 2006/07 have been included in this report.
State Water will run a cost efficient and effective business, benchmarked against similar industries and will report transparently to CSCs.	<p>State Water is undertaking preliminary work to identify potential performance indicators. In 2006/07, State Water contributed to the development of a performance monitoring and benchmarking system by the National Water Commission.</p> <p>In addition, State Water is implementing a Cost Structure Reform Strategy in order to reduce operating expenses to the IPART determined efficient level.</p>

Target	Achievements
<p>State Water will regularly provide CSCs with financial and other information relevant to each valley and of state significance.</p>	<p>In 2006/07 State Water endeavoured to fulfil all reasonable requests for information from CSCs and for the most part, it was successful.</p> <p>Ongoing difficulties with State Water's financial system prevented State Water providing satisfactory financial information to all CSCs.</p> <p>State Water is committed to improving financial reporting to stakeholders and has initiated a Corporate Management Information's Systems Project aimed at resolving the difficulties with the financial system. This project is well advanced and State Water is confident that regular and accurate financial reporting to CSCs and other stakeholders will recommence in 2007/08.</p>
<p>State Water will develop communication protocols between the Board and CSCs.</p>	<p>Issues continue to be brought to the Board via Customer Service Managers and the CEO.</p>
<p><b>OUR PEOPLE</b></p>	
<p>State Water will ensure it is staffed to provide adequate service levels throughout the year and provide a review that caters for the long-term needs of the business.</p>	<p>Like many businesses, State Water faces difficulties in recruiting engineers, due to the industry shortage. Due to its rural and sometimes remote locations, State Water also experiences difficulties in attracting skilled staff to regional areas. The imperative to achieve reductions in operating costs imposed by the 2006 IPART Determination limits State Water's ability to be able to compete with other employers for these resources.</p> <p>Despite these challenges, in 2006/07, State Water continued to review staffing levels to ensure that customer service obligations could be met.</p> <p>During 2006-07, State Water developed a Workforce Plan to ensure adequate service levels will be provided to the business now, and in the future. State Water has also commenced a Storages Review Project and Service Level Review Project to gain a better understanding of the service level requirements for the future. State Water continues to call for Expressions of Interest to act in temporarily vacant positions to enable the development of skills of our employees which will ensure we cater for the long-term needs of our business.</p>

Target	Achievements
<p>State Water will ensure that its staff are adequately trained in safe and effective operations and customer service.</p>	<p>State Water has ensured employees are trained in safe and effective operations by requiring inductions for on site visitors and by investing in both internal and external training courses. Some training that has been delivered during 2006-07 includes Abseiling, First Aid, OHS Consultation, Return to Work Coordination, Confined Spaces, Green Card, Auditing, Manual Handling and Risk Management for Supervisors and Managers. In addition to this, State Water conducted Asset and Water Delivery Forums to promote safe and effective operations. Agenda topics included site risk assessment and State Water's OH&amp;S targets and strategies.</p> <p>State Water also prepares a monthly OH&amp;S newsletter for staff, updating them on any legislative changes and advising of new national or state codes of practice. The newsletter is aimed at ensuring State Water employees are complying with industry best practice. The newsletter also updates staff on current OH&amp;S legal cases to improve OH&amp;S awareness of all staff.</p> <p>State Water also has established six OH&amp;S Committees, spread across its operations. The Committees ensure that OH&amp;S issues raised by employees are addressed.</p> <p>To further encourage staff training and development, State Water provides opportunities for staff to undertake placements in temporary vacancies. These opportunities are advertised across the organisation as an expression of interest and provide the successful applicant with on the job learning about State Water's business. Employees taking up these opportunities have gained a broader understanding of State Water enabling them to provide a greater level of service to customers.</p> <p>Customer Service Officers and other employees who interact with our customers have undertaken Drought Counselling training to ensure we can adequately address the needs of our customers in this stressful time of drought. In addition, the Corporate Services Branch has undertaken Customer Service training.</p> <p>Also in 2006/07, State Water implemented the new Customer Complaints Handling System and provided training to all staff in the new system.</p> <p>We also revised the Customer Service Charter to better reflect the mutual obligations of State Water and customers with respect to customer service.</p>

Under Clause 4.3.4 of the Operating Licence, State Water must, in consultation with the Customer Service Committees, regularly review, and if necessary update, its Charter and in any event must do so by no later than 1 July 2007.

## **2006/07 Report to IPART under the Operating Licence**

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The charter was reviewed during 2006/07 in consultation with all of the Customer Service Committees and a new customer-friendly version was adopted in April 2007, effective from 1 July 2007. The Charter can be found on State Water's website. It will be posted to all customers with their water accounts in early 2007-08 and is available at all State Water offices.

The focus of the new Charter is on the key areas of water ordering and delivery; customer contact; and information and communication. Under each section, there are key expectations and commitments, as well as an indication of what customers need to do to help State Water provide the level of service outlined.

State Water will commence reporting on its obligations under the new Charter from 2007/08.

## Internal Complaints Handling Procedure

Clause 5.1.5 of the Operating Licence indicates State Water's requirement to report to IPART on its internal Complaints handling procedures, as follows:

*"State Water must report to IPART by no later than 1 September each year, for the preceding financial year, on its internal Complaints handling procedures including the following:*

- (a) the total number of Complaints;*
- (b) once the category of Complaints are determined under clause 5.1.4, the number of Complaints received by the category of Complaint determined in accordance with that clause;*
- (c) the number and type of Complaints resolved or not resolved in sufficient detail for IPART to gain an understanding of the timeframe with which the Complaint was resolved, how the Complaint was resolved, or why the Complaint was not resolved (as the case may be); and*
- (d) any problems of a systemic nature arising from Complaints."*

On 28 July 2006, the Board endorsed the Complaints Handling and Resolution Policy (State Water Policy SW2006-P0104) and associated Complaints Handling and Resolution Procedures (SW2006-P0105).

During 2006/07, State Water recorded 70 complaints (compared with 54 in the first year of reporting). Using the IPART determined complaint categories, the majority of complaints were in the billing area and water release/operations, which is similar to 2005/06. The majority of complaints were as a result of a misunderstanding of State Water's role or rights as a water delivery operator. All concerns and issues raised were dealt with confidentially and in keeping with our privacy policy.

<b>Category</b>	<b>05/06</b>	<b>06/07</b>
Asset Management	8	13
Water Releases/Operations	17	21
Water Metering	1	4
Annual Water Balances	Nil	Nil
Environmental Management	Nil	Nil
Billing	26	27
Customer Service	2	3
Employee Performance	Nil	2
Other	Nil	Nil
FRWS – standard quality of water delivered	Nil	Nil
FRWS – continuity of water delivered	Nil	Nil
<b>TOTAL</b>	<b>54</b>	<b>70</b>

Most complaints were either resolved (36) or referred (30) to the relevant organisation (primarily DWE or IPART). A further four complaints are considered completed: that is State Water provided every possible assistance and information to the complainant, but as the responsibility for resolution rests with another agency, nothing further could be done by State Water to "resolve" the matter.

**Data Collection**

State Water introduced a new complaints handling system on 1 September 2006, however complaints can also be registered via three other mechanisms. They were:

- Customer Service Manager files, where direct correspondence or calls were received from complainants and recorded on local files;
- The billing system "Proclaim", where complaints and actions are captured from phone calls to the 1800 Billing Hotline or letters received with payments; and
- Letters to Members of Parliament

Although employees and customers now have the option of formally recording the nature of a concern or issue on an official complaints form, only two complaints were registered using the new forms, with customers preferring to outline their concerns in a formal letter.

During the reporting year, 16 complaints were received directly by the Customer Service Managers in the form of a letter, phone call or email and 36 complaints were raised by letter with members of parliament. The Billing Enquiries Hotline received an average of 550 calls per month in 2006/07, but only registered 18 formal complaints into the Billing System "Proclaim", with the majority of customers' enquiries being resolved within the timeframe of the phone call.

State Water endeavours to resolve any problems as quickly as possible at the coal face. We encourage our local officers to work with customers directly to resolve concerns. State Water addresses those which cannot be resolved between the customer and local officers on a priority basis. State Water responds to all complaints raised through the Minister's office within four weeks of the notification. Most local complaints are also resolved in less than four weeks.

**Analysis of Results**

With the introduction of a formal recording system for complaints and the associated raising of employee awareness of appropriate complaint handling procedures, the increase in the total number of complaints (30% more than last reporting period) was to be expected.

However, in light of the total number of individual customers contracts (10,000 regulated licences and 7,000 groundwater meters read under contract for DWE), the number of individual customer transactions (comprising over 75,000 water orders and a record high of 3,778 temporary water transfers), State Water believes that the small number of complaints demonstrates the high level of service delivery in 2006/07. The total number of complaints as a percentage of total customers was only 0.4 percent, and well within industry standards.

With NSW experiencing extenuating drought of record conditions, water delivery in all the valleys was extremely tight, requiring high precision in delivery the small amounts of water that was available. As can be expected in drought years, the less water available for delivery, the higher value the customer places on water and thus the greater concern shown for accurate delivery. State Water's delivery operations were highly scrutinised during the year, despite achieving 100% delivery of the available water. As a result of this scrutiny, the number of water delivery complaints in 2006/07 increased slightly, but all were resolved within a satisfactory timeframe. A significant proportion of water delivery operations complaints (11) were related to water allocation or water sharing plans, therefore the matters were referred to the Department of Water and Energy.

**System Improvements**

In 2006/07, the only issue identified as a systemic problem was ongoing confusion from customers regarding the separation of DWE and State Waters' roles and responsibilities.

In 2006/07, State Water introduced a new "brand" to further improve on the differentiating of our services and products from the Department of Water and Energy and other water corporations and business. State Water is now promoting the tag line "Delivering the right amount of water, to the right place, at the right time", which is aimed at clearly stating that our business is water delivery, not allocation or resource assessment, which is the domain of DWE.

State Water commenced separation of the billing process for water charges in relation to State Water and those water charges billed under contract for the DWE. Water charges for groundwater and unregulated licences are now invoiced separately using DWE letterhead and envelopes, with details for mailing being direct to an independent and separate mailbag and bank account. This has helped avoid the confusion between the two organisations.

Although the Billing Enquiries Hotline remains the same number for both DWE billing enquiries and State Water customers, the billing Unit now answer the phone by saying "Billing Enquiries". This has helped eliminate some confusion when State Water is assisting a DWE customer.

## External Dispute Resolution Scheme

Clause 5.2.1 of the Operating Licence requires State Water to have in place by no later than 1 September 2005 a Dispute Resolution Scheme (Scheme) or be a member of an industry based dispute resolution scheme, to resolve disputes between State Water and its customers. In fulfilment of this requirement, State Water became a member of the industry based scheme, Electricity and Water Ombudsman (EWON), from 1 January 2006.

As required under Clause 5.2.2, the Scheme does not require the Minister's approval as it is industry based. EWON's processes also comply with Clauses 5.2.3, 5.2.4 and 5.2.5 of the Operating Licence, which specify the nature of disputes required to be addressed by the Scheme, the need for the Scheme to be in accordance with the relevant Australian Standard and the essential features of the scheme.

Clause 5.2.6 of the Operating Licence requires State Water to prepare a pamphlet that explains how the Scheme operates and how it can be accessed and make this pamphlet available to the public. State Water has included these matters in the pamphlet it is developing on Customer Concerns. The pamphlet is on State Water's website and includes a link to EWON. In 2006/07, all the Customer Service Committees were presented with an overview of the new complaints handling system and EWON, and were provided with copies of the pamphlet.

Clause 5.2.7 indicates State Water's requirement to report to IPART on its Dispute Resolution Scheme, as follows:

*"State Water must report to IPART by no later than 1 September each year, for the preceding financial year, on the Scheme based on information available to State Water and information reasonably obtained from the Dispute Resolution Body. Where considered appropriate by State Water and the Dispute Resolution Body, confidentiality arrangements are to be made so as not to disclose the Customer's identity in such reports. The report must take into account any issues raised by the Dispute Resolution Body and must contain the following information:*

- (a) the number and types of Complaints received by the Dispute Resolution Body, classified in accordance with the Dispute Resolution Body's reporting arrangements;*
- (b) information on any determinations made by the Dispute Resolution Body; and*
- (c) any other relevant information required by IPART to be included in the report."*

Five matters were raised with EWON during the reporting year. Three matters were classified by EWON as 'enquiries', one was classified as a Level 1 Investigation and the remaining matter was raised to a Level 2 Investigation. All matters were resolved and closed within 30 days. The majority of matters raised with EWON were misunderstandings regarding State Water's right to raise and charge for water during times of no delivery. No determinations were made by EWON in relation to complaints against State Water during 2006-07.

## Complaints to Other Bodies

State Water is required to report to IPART regarding complaints against State Water to a court or Tribunal under Clause 5.3.1 of the Operating Licence, as follows:

*“State Water must report to IPART by no later than 1 September each year, for the preceding financial year, on Complaints made against State Water to a court or tribunal such as the Consumer Trader and Tenancy Tribunal (based on information reasonably obtained from these bodies and State Water itself as a party to the Complaint), and the report to IPART shall contain the following information:*

- (a) the number and types of Complaints received by such other bodies;*
- (b) the outcome of the Complaints;*
- (c) how the Complaints were resolved;*
- (d) any problems of a systemic nature arising from the Complaints; and*
- (e) any other relevant information required by IPART to be included in the report.”*

In addition, State Water is required to report to IPART regarding complaints against State Water to a court or Tribunal under Clause 5.3.2 of the Operating Licence, as follows:

*“State Water must report to IPART by no later than 1 September each year, for the preceding financial year, on any civil actions against State Water to a court (based on information available from the courts and State Water itself as a party to the civil action) where the civil action claims loss, damage or other relief arising from a Complaint against State Water, and the report to IPART shall contain the following information:*

- (a) the number and types of civil actions commenced;*
- (b) the outcome of the civil actions;*
- (c) how the civil actions were resolved;*
- (d) any problems of a systemic nature arising from the civil actions; and*
- (e) any other relevant information required by IPART to be included in the report.”*

State Water is not aware of any complaints made under Clauses 5.3.1 or 5.3.2 of the Operating Licence.

## Water Metering

Under Clause 7.4.1 of the Operating Licence, State Water must report to IPART by no later than 1 September each year on what action it has undertaken over the preceding financial year to address the issue of metering accuracy.

In 2006/07, as a result of State Water's interactions with DWE in the enforcement of metering Standards, it became evident that State Water's roles and responsibilities with respect to metering were unclear. Specifically, neither the Operating Licence nor other legislative instruments give State Water the express function of meter reading. Without this function, State Water's interests or obligations to ensure metering accuracy are undefined. Furthermore, the conditions upon works approvals for water metering are currently inadequate for the enforcement of accurate measurement of water extraction.

State Water is currently seeking action by DWE to resolve the inadequacy in works approvals conditions. In addition, State Water will be using the end of Operating Licence Review to request a clarification of its roles and responsibilities with respect to water metering.

At this point in time, State Water undertakes these metering functions notwithstanding the deficiencies in the referral of functions.

## Metering Audits

State Water and DWE established the NSW Water Extraction Monitoring Standards (NSW Standards) in November 2005.

There are over 5,700 metering sites on regulated rivers in NSW. State Water conducted audits relative to the NSW Standards at 611 sites in 2006/07. The scale of the audit program was reduced due to the drought. Most of the relevant staff were re-directed to drought-related customer service and compliance activities.

Of the 611 audits 368 have been analysed in detail; 118 in the Lachlan Valley and 250 in the Gwydir Valley. These audits identified the gaps between existing metering sites and the proposed NSW Standards. The results of this analysis are provided under "Performance Measures" below.

## Action taken on Audit Findings

The conditions on works approvals relating to the installation, operation and maintenance of meters do not currently refer to the NSW Standards. Recognising that the regulatory responsibility for setting metering standards in NSW lies with DWE and the Minister for Climate Change, Environment and Water, State Water will continue to assist DWE in pursuing the enforcement of the NSW Standards.

In 2006/07, State Water did not take any formal compliance action on audit findings. Issues affecting the nature and extent of compliance action are being discussed with DWE.

## **Metering Standards**

A key requirement for the management of metering accuracy is a metering standard. State Water finalised the NSW Standards in November 2005. The Standards were developed in consultation with the major stakeholders, including the Customer Service Committees, peak water user groups, Catchment Management Authorities and meter suppliers and retailers.

The NSW Standards cover a range of metering issues including: accuracy, data availability, security, site access and safety and in-situ verification. The requirement for an in-situ verification site is a new and important element of the standards.

The NSW Standards have been adopted by State Water and DWE for the metering of State Water's regulated river entitlement holders as well as DWE's unregulated and groundwater entitlement holders. The Standards have been published on both the State Water and DWE websites. However, the conditions on Water Supply Work Approvals do not refer to these standards.

State Water and DWE have agreed the Standards will need to be modified to maintain alignment with any national standards developed as part of the National Water Initiative (NWI). Paragraph 88 of the Intergovernmental Agreement on the NWI sets out commitments in relation to water metering, as follows:

*"Recognising that information available from metering needs to be practical, credible and reliable, the Parties agree to develop by 2006 and apply by 2007:*

- i) a national meter specification;*
- ii) national meter standards specifying the installation of meters in conjunction with the meter specification; and*
- iii) national standards for ancillary data collection systems associated with meters."*

State Water is a member of the National Water Initiative Metering Expert Group. The Group is responsible for the development of recommendations for the national standards indicated above. Seven meetings of the Expert Metering Group were held in 2006/07, but it is unlikely that substantial progress will be achieved on national standards until 2008.

Some of the initial work on the national standards proposed the uniform trade measurement legislation framework, which aligned quite well with the NSW Standards and the requirement for in-situ verification. However the national standards are now more likely to be based on "best practice" rather than the uniform trade measurement legislation framework.

It now appears that there are areas of misalignment between the NSW Standards and the proposals before the Metering Expert Group. The national standards may not include the requirement for in-situ volumetric verification that is a key element of the NSW Standards. Therefore the NSW standards may need to be amended in the year ahead.

## **Performance Measures**

Clause 7.4.2 of the Operating Licence requires State Water to submit for IPART's approval, by no later than 31 March 2006, proposed performance measures with respect to State's Water's performance for ensuring metering accuracy and to comply with these measures once approved. Clause 7.4.3 requires State Water to maintain record systems that are sufficient to enable it to measure accurately its performance against the approved performance measures.

## 2006/07 Report to IPART under the Operating Licence

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State Water submitted the following performance measures with respect to its performance in ensuring metering accuracy in April 2006:

- The number of metering sites audited;
- The percentage, and change in percentage, of audited sites complying with the NSW Water Extraction Monitoring Standards; and
- The number of directions issued by State Water on customers with non complying meters.

IPART has discussed with State Water the need for more detailed measures, performance indicators and targets. However, it has been recognised that at the current stage of development of national standards, State Water is in a scoping phase of ensuring meter accuracy. That is, targets for closing the gap between existing sites accuracy and the those required by national standards cannot be set until the national standards are finalised and the size of the gap has been measured.

Clause 7.4.4 sets out State Water's requirement to report to IPART, as follows:

*"State Water must report to IPART and the Minister, by no later than 1 September each year on its performance against the performance measures approved under clause 7.4.2 for the preceding financial year, including analysis of any systemic problems."*

Unfortunately IPART has not been able to approve metering performance measures for State Water and the national standards remain under development. However, State Water has audited a number of metering sites against the NSW Standards.

Customers have not been officially notified by DWE that the NSW Standards apply to their sites, and the conditions on their Water Management Work Approvals do not refer to these standards. Notwithstanding, State Water's Customer Service Officers have been assisting customers in understanding the NSW Standards. State Water has also been consulting with the Customer Service Committees on the application of the NSW Standards.

As outlined above, State Water conducted audits against the NSW Standards at 611 sites in 2006/07, and has analysed 368 of these. This allows an analysis of the gap between the existing sites and a proposed standard.

Analysis of the audits shows that only 3 of the 368 sites would meet with all of the 30 criteria in the audit. Only 54 sites complied with the proposed verification site criterion. This is not surprising, as this is a new criterion, and DWE has not formally advised customers of this requirement.

## **Water Balances**

Clause 7.6.1 sets out the requirements regarding the preparation of water balances, as follows:

*"State Water must prepare by no later than 1 September each year, annual water balances in the form of the template at Table 5-1 of the final report by Sinclair Knight Merz "State Water Operating Licence – Water Balance Template" dated 30 March 2005 and in accordance with that report. "*

State Water continues to experience difficulties in preparing usage figures required to finalise water balances for the previous year by 1 September. This is due to a number of factors, including:

- the time required to undertake meter readings;
- there is a reliance on power supply distributors to supply electricity readings for pumping stations so that run times and hence flow volumes can be calculated;
- there is no direct correlation between water use readings and licences;
- the time required to reconcile anomalies in water accounts which arise from the Department of Water and Energy inadvertently deleting licences, which results in the usage data associated with the licences also being deleted.
- there is no correlation between new and old licences (the change in licences relates to requirements under the Water Management Act); and
- staff vacancies in key positions

As suggested in the Audit Report of State Water's compliance with the requirements of the Operating Licence in 2005/06, State Water has included draft water balances for 2006/07 in this report as an appendix. The appendix also contains final water balances for 2005/06. They have also been published on the website as required by the Operating Licence. The final balance balances will be included in the 1 September 2008 Report.

## **Fish River Water Balance**

Clause 7.6.2 sets out the requirements water balances for the Fish River Scheme:

*"In relation to the Fish River Scheme, State Water must:*

- (a) *prepare by no later than 1 September each year, an annual water balance for the Fish River Scheme in the form of the template at Table 4-2 of the final report by Sinclair Knight Merz "Outcomes of consultation on performance standards and indicators for the Fish River Water Supply Scheme" dated 11 March 2005 and in accordance with that report;..."*

## Fish River Water Supply Scheme – Water Balance for 2006/07

Water Balance Component	Source of Water		Distribution of Water		
	Volume (ML)	%	Volume (ML)	%	% metered
<b>Storage Volume</b>					
Volume at 1 July 2006	18,569				
Volume at 30 June 2007	7,928				
<b>Change in Storage</b>	<b>-10,641</b>	<b>-75.2</b>			<b>100</b>
<b>Inflows</b>					
Oberon Dam	3,454				100
Duckmaloi Weir	50				100
<b>Subtotal</b>	<b>3,565</b>	<b>24.8</b>			<b>100</b>
<b>Supply</b>					
Delta Electricity			6,590	46.6	100
Sydney Catchment Authority			3,115	22.0	100
Lithgow City Council			795	5.6	100
Oberon Council			749	5.3	100
Minor Consumers			294	2.1	100
<b>Sub total</b>			<b>11,543</b>	<b>81.6</b>	<b>100</b>
<b>Losses</b>					
Storage net Evaporation			1,099	7.8	0
Piped Unaccounted for water			819	5.8	100
<b>Sub total</b>			<b>1,979</b>	<b>13.6</b>	<b>100</b>
<b>Out Flows</b>					
Oberon Spills			0	0	N/A
Riparian releases			684	4.8	100
<b>Sub total</b>			<b>684</b>	<b>4.8</b>	<b>100</b>
<b>TOTAL</b>	<b>14,206</b>	<b>100</b>	<b>14,145</b>	<b>100</b>	<b>100</b>

## Environment Management Plan

Clause 8.1.1 of the Operating Licence requires State Water to produce a five-year environment management plan (EMP) by 1 November 2005. State Water finalised its inaugural EMP in April 2006 after a period of public exhibition and incorporation of comments from stakeholder groups including key environmental regulators, Catchment Management Authorities, irrigator groups and environmental non-government organisations such as World Wildlife Fund and Inland Rivers Network. A final version of the EMP was submitted to IPART on the 2 May 2006. The EMP covers all of State Water's operations (including the Fish River Scheme).

In accordance with Clause 8.1.2 of the Operating Licence, the EMP: includes details of State Water's program for addressing its environmental impacts and achieving environmental improvements as per the specific requirements under this clause; adopts Ecologically Sustainable Development principles; is integrated into State Water's business plans; includes indicators to measure the environmental impact of State Water's Asset operations and maintenance; and incorporate environmental improvement targets and timetables for State Water to achieve those targets over the term of the EMP.

In keeping with Clause 8.1.3, State Water has reviewed and updated EMP in consultation with the required agencies. The revised EMP is effective from 1 July 2007.

Clause 8.1.5 of the Operating Licence sets out the requirements for reporting to IPART on the EMP and other environmental requirements, as follows:

*"State Water must, by no later than 1 September each year, or an alternative later date specified by IPART, for the preceding financial year, report to IPART on its environmental performance including its performance against or compliance with:*

- (a) its EMP;*
- (b) any environmental provisions of each Water Management Plan and the State Water Management Outcomes Plan issued under the Water Management Act 2000 where applicable to State Water;*
- (c) any environmental regulatory requirements applicable to State Water, including those under the water management work approval(s) issued under the Water Management Act 2000 and the Fisheries Management Act 1994; and*
- (d) the environmental provisions of any MoUs referred to in clause 2.3 including any performance standards and indicators established under these MoUs."*

State Water's environmental performance is outlined below.

### **a. EMP**

State Water's Environment Management Plan (EMP) was finalised after the 2006 IPART Price Determination. Ongoing implementation of some areas of the EMP has been challenging, given the imperative for State Water to achieve significant operating expenditure savings. Despite this challenge, this year saw the continued implementation of State Water's inaugural (EMP). Development of a Monitoring, Evaluation and Reporting Framework commenced to assist the management, tracking and subsequent reporting of activities under the EMP. An EMP Coordinators Group was also established to champion the implementation of the EMP across State Water.

## EMP Targets and Achievement

Target	Achievement
Meet the flow, timing and channel capacity targets set by WSPs – Objective 1	Ongoing. State Water endeavours to meet the targets set by the WSPs and believes that it does this successfully. However, until DWE completes the WSP Implementation Manuals, State Water's compliance with these requirements cannot be measured.
Provide timely information and knowledge to Environmental Flow Reference Groups – Objective 1	Ongoing. During 2006/07, State Water provided expert knowledge to EFRGs established under the Water Sharing Plans, including the Macquarie and Lachlan EFRGs and the Gwydir ECA Operational Advisory Committee.
Have an effective storage water quality monitoring system – Objective 2	In 2006/07, State Water continued to monitor storages and undertook documentation of the components of the program as part of identifying program improvements review future needs. Achievement of this objective has been hampered by the uncertainty which exists with our regulators regarding State Water's roles and responsibilities with water quality monitoring, particularly for the site downstream of storages.
Adopt a revised Energy Management Plan – Objective 6	Energy Management Plan finalised.
Benchmark current energy consumption – Objective 6	State Water commenced energy benchmarking in 2006/07. Also in 2006/07, State Water conducted office energy reviews and investigated options for local offices to improve their energy footprint, focusing on practical ways of easily saving on electricity and paper.  In 2007/08 State Water will commence auditing sites to identify areas to reduce energy consumption.
Develop a WRAPP Plan for State Water – Objective 7	Completed. The WRAPP Plan endorsed by Management Team in July 2007.
Establish a waste paper reduction program – Objective 7	The waste paper reduction program was included in the WRAPP approved in July 2007.
Commence implementation of TRIM – Objective 7	Commenced. Implementation of hard copy records management system has been completed including staff training. The next phase involves implementation of electronic records management system.
Audit and cleanup storage yards – Objective 7	Commenced and ongoing. Storage yard management to be incorporated into Area Implementation Plans. Audit process to be included in the Monitoring and Evaluation Framework.

<b>Target</b>	<b>Achievement</b>
Develop a Pesticide Use Notification Plan – Objective 8	Completed. The Plan was finalised in accordance with the requirements of the Pesticides Regulation 1995 and is available on State Water’s intranet and internet sites.
Discuss our operations and potential projects with CMAs – Objective 11	Ongoing. The EMP Review received submissions from CMA groups and highlighted the willingness of CMAs to explore partnership activities with State Water. State Water plan to follow this up with the individual CMAs in early 07/08.

As mentioned above, State Water completed a 12 month review of the EMP in accordance with the requirements of the Operating Licence and in consultation with key regulator and stakeholder groups, including DWE and DECC. Based on the outcomes of this review the approach to some of the objectives has changed slightly to allow the greater integration and adequate planning of complex issues eg land management and has resulted in the revision of some target timeframes.

The revised EMP will be in force for the life of the Plan (June 2011).

**b. Provisions of each Water Sharing Plan and State Water Management Outcomes Plan**

**Provisions of Water Management Plans**

DWE, with State Water’s assistance, is currently developing Water Supply Works Approvals which will include the criteria for compliance with the environmental provisions of the WSPs. It is therefore only possible to provide a provisional assessment of compliance, pending the finalisation of these Approvals. During 2006-07, there were no material breaches of the environmental provisions of the WSPs. It must be noted that as a result of the on going drought, the Water Sharing Plans for the Murray, Murrumbidgee, Lachlan, Macquarie and Hunter were suspended by the Minister in 2006-07. State Water operated these valleys in compliance with the drought management plan instructions of the Department of Water and Energy.

Water Management Plans are now referred to as Water Sharing Plans (WSPs). DWE, with State Water’s assistance, is currently developing Implementation Manuals which will include the criteria for compliance with the environmental provisions of the WSPs. It is therefore only possible to provide a provisional assessment of compliance, pending the finalisation of these Plans. During 2005-06, there were no material breaches of the environmental provisions of the WSPs.

**State Water Management Outcomes Plan**

The *Water Management Act 2000* provides for the establishment of the State Water Management Outcomes Plan (SWOMP). The SWOMP, which was gazetted on 20 December 2002, sets out the over-arching policy context, targets and strategic outcomes for the development, conservation, management and control of water resources in NSW. The targets in the SWOMP are State-wide targets for all NSW agencies.

The environmental provisions of the SWOMP relevant to State Water are Targets 23, 23a, 23b, 23c and 26, 26a, 26b. In regard to Targets 23, 23a, 23b, 23c State Water is just one of the NSW state owned corporations and agencies involved in meeting these targets. State Water’s performance in 2006/07 relative to these targets is outlined below.

SWMOP Targets	State Water activities undertaken in 06/07 contributing to these targets
Target 23 – Review licensed weirs and prepare a priority listing	State Water has continued to work with DPI through the MoU process to develop a prioritisation tool which will aid the identification of priority structures within each valley. During the coming 12 to 18 months, State Water will incorporate these priorities into a valley wide fish passage program integrated with asset management requirements.
Target 23a – Ensure no net increase in the number or total capacity of weirs	State Water has not increased the capacity of its weirs or built any new structures during 2006-07.
Target 23b – Remove at least 10 or structurally modify 15 priority weirs	<p>Since the introduction of the SWMOP, State Water has installed 7 fishways on State Water Structures (Warren Weir, Gunningbar Weir, Duck Creek Regulator, Crooked Creek Regulator, Bumbergan Weir, Balranald Weir and Island Creek).</p> <p>The Fishway design for Colligen Creek has being finalised with construction to commence in early 07/08.</p> <p>State Water is continuing to work with DPI to develop a potential fish lift design at Keepit Dam and has commenced initial discussion in potential fishways at Burrendong, Copeton, Split Rock and Wyangala Dams as part of the dam safety upgrade program.</p> <p>Since the finalisation of the Transfer Vesting Order initial discussions have commenced with DPI re prioritisation of redundant structures. In late 2006/07 there was a commitment made by both DPI and State Water to work in a partnership approach to develop redundant weir removal investigation and approval process using north coast case study. In 2007/08, State Water plan to develop a TAMP for the newly acquired unregulated structures. Through this process the long term management needs of these structures will be identified.</p> <p>Extensive work continued with DPI in 2006/07, to develop a South Area (Murray and Murrumbidgee Valleys) fish passage strategy. Automation work was completed at the Balranald Weir fishway and DPI Fisheries continue to discuss the presentation of data from the remote telemetry. The Balranald site is a complex combination of sluice gates and interlocking chambers with provision to change the rest, entry and chamber retention times.</p> <p>State Water has an extensive involvement in the Yanco Creek Water For Rivers project and as part of that project whole of system weirs review is being completed. It is expected that multiple weirs will be nominated for removal in consultation with landholders, as well as reinstating more natural wetting patterns to wetlands adjacent to the main stream channel.</p>

	<p>The establishment of a fish passage strategy is incorporated.</p> <p>During 2006/7, the fishway at Wentworth Weir was completed as part of the MDBC program the "Sea to Hume Dam" fish passage. In addition Federal Minister Turnbull and State Minister Koperberg have announced two new fishways for the Edward River system, one at the offtake and another at Stevens Weir at a total estimated cost of \$5.7 million. These two fishways will open up some 1350 km of river between Hume Dam and Lock 11 at Mildura.</p>
<p>Target 23c – Establish improved weir operational protocols</p>	<p>During 2006/07 State Water continued discussions with DPI regarding the potential to vary weir pool levels. During the coming 12 months, State Water will proceed with discussions involving key environmental regulators, downstream users and stakeholders to further develop this issue working towards the linked State Water EMP Target.</p>
<p>Target 26 – Mitigation of Cold Water Pollution</p>	<p>State Water continues to be a key participant in the Cold Water Pollution Inter-Agency Group established to implement the NSW Cold Water Pollution Strategy.</p> <p>In 2006/07, State Water provided the Group with new scientific information on the thermodynamic behaviour of large storages given the highly variable nature of State Water's release patterns. An understanding of this new information, compiled from investigations as part of the Keepit Dam Upgrade Project, is critical in determining the limitations of dam infrastructure and developing best management practices.</p> <p>State Water is also working with the group to develop appropriate cold water pollution management conditions which will form part of the Water Supply Works Approvals for those dams that can actively manage releases to optimise temperature under the <i>Water Management Act 2000</i>.</p>
<p>Target 26a – Structural Modifications of 2 priority dams</p>	<p>Progress continues on CWP mitigation options as part of the Keepit and Burrendong Dam Safety Upgrade Programs.</p>
<p>Target 26b – Improved protocols for dams with existing temperature management infrastructure</p>	<p>During 2006/07 State Water has undertaken a review of the draft formalised operational protocols for the 7 State Water dams which have the capability to selectively withdraw water from the water column – Brogo Dam, Chaffey Dam, Glennies Creek Dam, Glenbawn Dam, Pindari Dam, Split Rock and Windamere Dam. The aim of the review is to standardise the protocols and to ensure operational requirements are streamlined. Implementation of the protocols is expected to commence in 2007/08.</p>

**c. Regulatory Requirements**

Item 8.1.5(c) mirrors Target 26c of the SWOMP -Environmental regulatory requirements under water management works approvals under the Water Management Act 2000 and the Fisheries Management Act 1994.

During 2006-07 State Water finalised an Environmental Assessment Protocols Framework which outlines for State Water's assessment requirements for all projects and activities. The Framework has been successfully peer reviewed by Professor Farrier at Wollongong University. In 07/08 development of an implementation strategy will be undertaken including integration with State Water's evolving Project Delivery System and staff training.

State Water has assessed, gained the relevant approvals and adhered to the principles of the *Environmental Planning and Assessment Act 1979*, *Threatened Species Act 1995*, *River and Foreshores Improvement Act 1948*, *Native Vegetation Act 2003* and the *Heritage Act 1977*. State Water has also been working closely with DPI to obtain concurrences and approvals under the *Fisheries Management Act 1994* for proposals which have involved in-river works. Projects for which State Water has obtained, and adhered to the relevant environmental assessment and approval processes for during 06/07 include:

- Duck, Crooked and Gunningbar Floatwell installation
- Boolooroo Weir Gate Painting
- Muddal Weir downstream rock protection
- Colligen Creek Refurbishment
- Blowering Dam Safety Upgrade Stage 1
- Weeta Weir downstream rock protection
- Keepit Dam Bellmouth Repainting
- Gunidgera Weir - repairs to downstream fishway entrance
- Mollee downstream rock protection
- Willandra Weir downstream toe and bank strengthening
- Hillston Weir downstream bank strengthening
- Moomin Creek Offtake desilting
- Weeta Weir downstream desilting
- Marebone Break Gauging Weir Rock Protection
- Berembed Weir Sluice Bay inspection
- Extension of downstream filters at Pamamarroo and Wetherill outlets
- Cawndilla Channel Maintenance
- Dewatering Penstock at Blowering Dam
- Toriganny / Lachlan Desilting
- Earthen blockbanks installation at Waddi and Forest Creek Regulators
- Dewatering of Hume Spillway and Valve Dissipaters.
- Installation of a ladder in the Blowering Dam Intake Tower
- Installation of a transmission line as part of the Lostock Hydropower Plant construction

State Water has not been granted any water management works approvals under the *Water Management Act 2000*. State Water is currently working with the Department of Water and Energy to develop the approval conditions.

**d. Environmental provisions of the MoU including any performance standards and indicators**

Performance against and compliance with the environmental provisions of the MOU is covered in the first section of this report.

## 2006/07 Report to IPART under the Operating Licence

In addition, under the Service Level Agreement between DPI and State Water, DPI provides an Annual Report to State Water advising statistics on key performance indicators (KPIs) aimed at determining the extent of positive environmental impacts associated with State Water's works. The Annual Report for 2006-07 is expected to include a report on the following KPIs:

- Total number of kilometres (upstream and downstream) opened up to the free passage of native fish.
  - Continued free passage of native fish occurs through the Warren Weir, Gunningbar Weir, Duck and Creek Weirs and Bumbergan Weir fishways, totalling 510km. These fishways have continued to be monitored for the effectiveness in 2005-06.
  - During 2006/07, the new Island Creek Fishway was commissioned. Due to drought conditions in the Lachlan Valley, the fishway was not operable however the installation of this fishway opens up 231km of free passage for native fish. Initial monitoring to report on the performance of this fishway will occur in 07/08.
- Removal of willows. Approximately \$200,000 has been spent in the Wallamundry Creek and Little Lachlan removing willows from approximately 9 kilometres of river length. This has improved water delivery and operational efficiencies.
- Area of aquatic habitat managed for protection during State Water works, in accordance with *Fisheries Management Act 1994*. As part of the projects listed in section c. above, 54 hectares were managed for protection during 2006-07 as part of State Water's works program.

## Performance Indicators

Section 9 of the Operating Licence indicates State Water's requirements relating to performance indicators. These indicators are listed in Schedule 1 of the Licence.

Clause 9.2 sets out State Water's reporting obligations, as follows:

*"State Water must report to IPART, by no later than 1 September each year on its performance against the performance indicators in Schedule 1 for the preceding financial year, including analysis of any systemic problems."*

### State Water Indicators (excluding Fish River Scheme Indicators)

The performance indicators for State Water (excluding Fish River Scheme Indicators) relate to Water Delivery and Policing Functions. In most of the regulated river valleys, the new Water Sharing Plans came into effect during the 2005-06 year and the new Access Licences and trading rules were progressively rolled-out over an extended period. This led to considerable overhauls and patches to the existing Water Order and Usage Systems to cope with changing rules.

Within this context, State Water's performance against these indicators is outlined below. Under Clause 9.1, State Water must maintain record systems sufficient to enable it to measure accurately its performance against the performance indicators set out in Schedule 1. Where such records are not available, this is advised below.

<b>Water Delivery</b>
<ul style="list-style-type: none"> <li><i>"percentage of Customers contacted within one working day of a non-complying water order being placed. <b>Note:</b> A "non-complying water order" is an order which does not comply with licence conditions or which contains insufficient information for State Water to supply water;"</i></li> </ul> <p>State Water contacted 95% of customers within one working day of a non-complying water order being placed.</p>
<ul style="list-style-type: none"> <li><i>"percentage of complying orders identified as being delivered outside of <math>\pm 1</math> day of the scheduled day of delivery. <b>Note:</b> A "complying water order" is an order which does comply with licence conditions and which contains sufficient information for State Water to supply water and "scheduled day of delivery" is per period of required notice specified in works approvals, licences or entitlements. <b>Further note:</b> State Water is usually only made aware of late deliveries via customer complaints or notification;"</i></li> </ul> <p>As advised in State Water's last annual report to IPART, State Water relies on customer notifications for this indicator.</p> <p>Customer notifications indicated that only 0.001% of complying orders were delivered outside of 1 day of the scheduled day of delivery.</p>
<ul style="list-style-type: none"> <li><i>"percentage of water orders rescheduled in consultation with Customers within one working day of a known shortage or delivery delay. <b>Note:</b> This indicator should be calculated as a percentage of the total number of water orders rescheduled due to a known shortage or delivery delay;"</i></li> </ul> <p>State Water rescheduled 100% of the total number of water orders rescheduled within one working day of the known water shortage or delivery delay.</p>

<ul style="list-style-type: none"> <li> <p><i>“percentage of time that daily minimum flow targets are met. Note: “Daily minimum flow targets” are those specified in relevant Water Management Plans or by the Minister for Natural Resources or by the Ministerial Corporation; and”</i></p> <p>The daily flow targets were met 91% of the time in 2006-07.</p> </li> </ul>
<ul style="list-style-type: none"> <li> <p><i>“percentage of complying intra-valley transfers processed within four working days of State Water’s receipt of correctly completed application form and fee. Note: “Intra-valley transfer” means the transfer of allocated water from one licence to another licence within a valley and includes transfers under the Water Management Act 2000 and the Water Act 1912.”</i></p> <p>State Water processed 72% of this year’s 2,545 intra-valley transfers within four working days.</p> <p>The current level of transfer fees does not fully recover the cost of State Water’s management of transfers. It is difficult for State Water to increase service levels in this area with the current level of under-recovery. The transfer rules were changed several times during the year leading to additional time required for clarification of rules and limits.</p> </li> </ul>
<p><b>2. Policing Functions</b></p>
<ul style="list-style-type: none"> <li> <p><i>“volume of water taken in excess of access licence conditions under the Water Management Act 2000 (ML) and number of licences and licence breaches involved;”</i></p> <p>The volume of water taken in excess of licence conditions at 30 June 2007 was 7,355ML. This was less than 0.34% of 2006-07 sales. There were 162 licences that had taken in excess of licence conditions at 30 June 2006.</p> </li> </ul>
<ul style="list-style-type: none"> <li> <p><i>“value of penalties imposed by State Water for taking of water in excess of licence conditions under the Water Management Act 2000 or the Water Act 1912 (\$) ;”</i></p> <p>State Water did not impose any monetary penalties in 2006/07. The licences that have taken in excess of their conditions will commence the 2007/08 year with an equivalent debit. More than half of these licences have taken a very small amount, less than 2ML, in excess of their conditions. All these licences will be required to credit their accounts in 2007/08 or face non-compliance actions including financial and volumetric penalties.</p> </li> </ul>
<ul style="list-style-type: none"> <li> <p><i>“volume of penalties imposed by State Water for taking water in excess of access licence conditions under the Water Management Act 2000 (ML);”</i></p> <p>The volume of penalties imposed by State Water in 2006-07 was 319.5ML.</p> </li> </ul>
<ul style="list-style-type: none"> <li> <p><i>“number of licences and entitlements suspended under the Water Management Act 2000 or the Water Act 1912; and”</i></p> <p>No licences and entitlements were suspended by State Water in 2006-07 under these Acts. There were 29 licences that remained suspended from previous years.</p> </li> </ul>
<ul style="list-style-type: none"> <li> <p><i>“number of approvals suspended under the Water Management Act 2000.”</i></p> <p>No approvals were suspended by State Water in 2006-07 under the Act. There were 10 approvals that remained suspended from previous years.</p> </li> </ul>

In keeping with Clause 9.3, State Water will provide IPART with physical and electronic access to the records kept by State Water that enable it to prepare the report under clause 9.2.

There are no systemic problems raised by these indicators, other than the processing time for intra-valley transfers. However, the current level of transfer fees does not fully recover the cost of State Water's management of transfers. It is difficult for State Water to increase service levels in this area with the current level of under-recovery.

### Fish River Scheme Indicators

The performance indicators for the Fish River Scheme relate to Asset Management, Water Delivery and Water Quality. The performance of the Fish River Water Supply Scheme (FRWS) against these indicators is outlined below.

<p><b>1. Asset Management</b></p>
<ul style="list-style-type: none"> <li> <p><i>"the average response time for unplanned supply interruptions;"</i> The average response time for unplanned supply interruptions in 2006/07 was 17 minutes.</p> </li> </ul>
<ul style="list-style-type: none"> <li> <p><i>"number of planned water supply interruptions;"</i> There were no planned water supply interruptions in 2006/07.</p> </li> </ul>
<ul style="list-style-type: none"> <li> <p><i>"number of unplanned water supply interruptions;"</i> Unplanned interruptions occur when supply is interrupted because the pipe lines could not be cross connected. There were three unplanned interruptions to supply in 2006/07.</p> </li> </ul>
<ul style="list-style-type: none"> <li> <p><i>"average duration of planned water supply interruptions;"</i> This is not applicable in 2006/07 as there were no planned water supply interruptions.</p> </li> </ul>
<ul style="list-style-type: none"> <li> <p><i>"average duration of unplanned water supply interruptions."</i> <b>Note:</b> An "unplanned water supply interruption" is an interruption to water supply to a Customer where the Customer has not received at least 24 hours notice of the interruption from State Water. It also includes situations where the duration of a planned interruption exceeds that which was originally notified to the Customer – in which circumstances, the length of the entire interruption is counted as an unplanned supply interruption. A "planned water supply interruption" is an interruption to water supply where the Customer has received at least 24 hours notice of the interruption and the duration of the interruption does not exceed that which was originally notified to the Customer."  The average duration of unplanned water supply interruptions was 13.5 hours.</p> </li> </ul>
<p><b>2. Water Delivery</b></p>
<ul style="list-style-type: none"> <li> <p><i>"percentage of time that daily minimum flow targets are met. Note: "Daily minimum flow targets" are those specified in relevant Water Management Plans or by the Minister for Natural Resources or by the Ministerial Corporation or as advised</i></p> </li> </ul>

*in writing by DIPNR;*

The scheme satisfied its daily minimum flow targets i.e. average riparian release of 1.9 ML per day. The scheme has not received any correspondence relating to any water management plan. The scheme had water restrictions at 20% for July to December 2006, 30% restrictions from January to March 2007 and 40% restrictions from April to June 2007. This was in accordance with the schemes Drought Management Plan and resolutions of the FRWS Customer Council.

### 3. Water Quality

- *“percentage compliance with Australian Drinking Water Guidelines (2004) at the Fish River Scheme’s water sampling locations for e-coli, colour, turbidity, iron, manganese, aluminium and pH. Note: The guideline value for turbidity is to be the value for public health rather than the aesthetic value (i.e. % of samples above 1 Nephelometric Turbidity Unit) and the “Fish River Scheme’s water sampling locations” are those identified in the letter from State Water to IPART dated 29 April 2005.”*

The following tables detail the results of the sampling undertaken during 2005-06.

#### Filtered Water Quality 2006/07

Parameter	Criteria	Target	No of Tests	% of Tests passing
E. Coli	0 orgs/100 mL	98	144	97.2
Colour	15 CU	15	8	62.5
Turbidity	5 NTU	5	8	100
Iron	0.3 mg/L	0.3	8	100
Manganese	0.1 mg/L	0.1	8	75
Aluminium	0.2 mg/L	0.2	8	100
pH	6.5-8.5	6.5-8.5	8	100

#### Chlorinated Raw Water Quality 2006/07

Parameter	Criteria	Target	No of Tests	% of Tests passing
E. Coli	0 orgs/100 mL	98	120	94.2
Colour	15 CU	15	8	75
Turbidity	5 NTU	5	8	75
Iron	0.3 mg/L	0.3	8	87.5
Manganese	0.1 mg/L	0.1	8	25
Aluminium	0.2 mg/L	0.2	8	100
pH	6.5-8.5	6.5-8.5	8	100

The above results are from Hunter Water Laboratories (NATA Registered). They also include the operational monitoring results. The results for turbidity are an indicator of aesthetic quality. The results for E.Coli are an indicator of health and disinfection.