**Attachment 1- Interim Management Response**

**BORDER RIVERS INTERSTATE TRADING**

**INSPECTOR-GENERAL FOR WATER COMPLIANCE**

**INTERIM MANAGEMENT RESPONSE TO FINAL AUDIT REPORT**

|  |  |  |
| --- | --- | --- |
| **FINDING** | **RECOMMENDATION** | **MANAGEMENT RESPONSE** |
|  | **Water Trading**  |  |
| 1. The establishment of a permanent link between approved works for taking water in NSW and a water entitlement in Qld is not recognised as tagged water access entitlement.
 | 1. The establishment of a permanent link between approved works for taking water in NSW and a water entitlement in Qld needs to be recognised as a tagged water access entitlement that is a trade under the Basin Plan.
 | **Management Response:**The Department of Regional Development, Manufacturing and Water (the department) has concerns with Recommendations 1 and 2 in relation to water trading and will work with the Inspector-General for Water Compliance prior to providing a final management response. |
| 1. The transfer of water allocation to another jurisdiction through works that are permanently linked is not recognised by either NSW or Qld as a trade that needs to comply with the processes and rules that apply to other types of trade, or the reporting requirements of the Water Act section 71(1)(f).
 | 1. Both DPE and DRDMW must recognise the transfer of water allocation to another jurisdiction through works that are permanently linked as a trade, as required under the Basin Plan; and institute a documented approval process to ensure that all relevant rules, conditions, and reporting requirements are properly considered for each such transfer.
 |  |
|  | **Accounting and Reporting** |  |
| 1. There were numerous inconsistencies and inaccuracies identified in the water accounting records of both NSW and Qld.
 | 1. Both DPE and DRDMW should undertake regular reconciliation of water trade data to identify and promptly resolve any data integrity anomalies.
 | **Management Response:**Recommendations are accepted or accepted in part. The department will continue to review systems and processes to deliver improvements. |
| 1. There were numerous deficiencies in the processes and systems of both NSW and Qld for recording interstate trade between the jurisdictions.
 | 1. Both DPE and DRDMW should improve their systems and processes to ensure that water trade data is accurately recorded and can be reconciled.
 |  |
| 1. The agreement between NSW and Qld to rely on the state of origin for trade adjustments does not ensure the accuracy of what is reported.
 | 1. There should be regular reconciliation of water trade data between DPE and DRDMW to ensure the accuracy of information that is reported.
 | .  |
|  | **Compliance Monitoring** |  |
| 6. NSW do not require a meter reading to confirm water availability in the seller account before approving an application to trade allocation.  | 6. WaterNSW should validate meter reading data before a trade is approved.  | **Management Response:**Recommendations are accepted, accepted in part or not applicable to Queensland. The department will continue to record outcomes of investigations involving matters where water was taken before a trade was approved.  |
| 7. There were two instances where NSW water was recorded as having been taken in Qld before the trade of this water was approved.  | 7. DRDMW should investigate and record the outcome of investigations in all instances where water was taken before the trade was approved. The outcome of the investigations into non-compliance identified from this audit should be reported to the IGWC.  |   |