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The New South Wales 2017–18 annual report to satisfy annual reporting obligations for:

- Basin Plan Schedule 12 responses (except Matter 9 – use of environmental water)
- National Partnerships Agreement assurance of milestone achievement
- Basin Plan Implementation Agreement self-assessment of compliance with implementation tasks

Reporting context

This template provides a single Commonwealth information collection point that covers Basin State 2017-18 annual reporting obligations in relation to the Murray-Darling Basin Plan for:

- Basin Plan Schedule 12
- the Basin Plan Implementation Agreement compliance requirements
- the milestone assessments of the National Partnership Agreement on Implementing Water Reform in the Murray-Darling Basin (NPA)

Reporting for Schedule 12 Matter 9 (the identification and use of environmental water) is reported separately.

The Department of Agriculture and Water Resources will use the information provided in this template as well as multiple other sources to meet NPA reporting requirements. Where milestones have not been fully met in 2016–17 or 2017–18, Basin states should indicate what steps are underway to fully meet the milestone in the future. Where applicable, describe any intended actions and planned timeframe for the milestone to be met. The department will seek collaborating information from the MDBA and Commonwealth Environmental Water Office where applicable.

A. Local Knowledge and Stakeholder Engagement

Reporting Matter	Reporting Requirement (Supporting evidence to be provided by Basin States)	Response (response/milestone achievement/compliance status)
A The outcome of engagement on the implementation of the Basin Plan *Applicable to Schedule 12, Matter 6, Indicator 6.1 and NPA 8e*	Please describe the process and outcomes of local engagement for key BP implementation activities in 2017-18 as follows: **Aa) Water Resource Plans:** • The engagement process and how local knowledge and views influenced the development of WRPs. • Any activities undertaken to increase Traditional Owners' capacity to participate in the development of WRPs, and improve engagement between water planners and Traditional Owners, in order to incorporate indigenous values and uses into WRPs (BP Ch 10 Part 9)	**Aa) Water Resource Plans** NSW met this milestone for 2017-18 through ensuring local knowledge and views continued to be part of the engagement process in the development of the Water Resource Plans (WRPs) as well as working with Traditional Owners to incorporate indigenous values and uses in NSW water planning . Activities that demonstrate this included: • the continuation of Stakeholder Advisory Panels (SAP) as a forum to discuss management options. o These panels include representatives from water users, indigenous groups, local government and environmental interests. o Panel members provided local knowledge and advice on potential issues in developing the Plans. o 32 SAP meetings were held in 2017/18. • Specific programs and processes have been established and used so that the views of Aboriginal peoples and cultural values are captured in the WRP planning process o NSW has developed a culturally appropriate process for consulting with First Nations across the Basin area. NSW worked closely with NBAN and MLDRIN to design the process, including allowing adequate time to consult with Nations and using appropriate protocols and participation of Nation leaders. The process includes one-on-one interviews with Traditional Owners, and subsequent workshops in various locations within each Nation area to gather information and produce a report for each Nation. The information is provided back to Traditional Owners before the report is finalised. NSW continues to work with NBAN and MLDRIN to improve the consultation process. o Consultation with the Gomeroi Nation was completed in April 2018, and the other Nations in the Basin area will be consulted in the development of WRPs in late 2018. o NSW engages with NSWALC, native title groups and other relevant indigenous organisations as part of the consultation with Aboriginal people. • Two All-Stakeholder Advisory Panel Conferences were held in December 2017 and June 2018 with over 150 stakeholder and government representatives in attendance https://www.industry.nsw.gov.au/water/plans-programs/water-resource-plans/stakeholder • In addition to engagement processes in the development of WRPs, NSW also sought local knowledge and views about water reforms. • Meetings were held in a variety of locations using various delivery methods based on stakeholder requirements, such as public meetings, targeted consultation with specific user groups and one-on-one meetings with individual stakeholders. Engagement has led to operational efficiencies, which has resulted in improved ease of implementation of the rules, improved consistency across plans and application of updated policy. **New stakeholder engagement policy** As part of the Water Reform Action Plan, the NSW Government has worked to improve engagement with all sectors of the community, and has published a new Stakeholder Engagement Policy in 2018 that sets out the approach of the Department when engaging with stakeholders. The new policy is available at: https://www.industry.nsw.gov.au/water-reform/stakeholder-and-community-engagement

Ab) Environmental watering:

- Describe the engagement process and how local knowledge, views and solutions influenced the planning and delivery of environmental water and the outcomes. This includes how the following were considered:
    - the views of local communities and persons materially affected by the management of environmental water (BP8.39 and NPA 8e)
    - indigenous values (BP8.35)

Ab) Environmental watering

NSW met this milestone for 2017-18 through working within the existing planning framework to facilitate effective collaboration between the various agencies and stakeholders to deliver environmental water and outcomes. This required the use of a mix of statutory and non-statutory plans. It also required broad community support and effective collaboration among partners to successfully develop and implement planning and delivery of environmental water.

Activities that demonstrate this included:

- Working with existing Environmental Water Advisory Groups (EWAGs) in the Gwydir, Macquarie-Castlereagh, Lachlan, Murrumbidgee and Murray-Lower Darling.
    - The aim of each environmental water advisory group is to bring together a range of knowledge and experience to advise on both planned and held environmental water.
    - Before the start of each water year (July to June), each group provides advice on developing an annual watering plan.
    - These plans consider recent environmental watering history and forecast likely water management actions for the next water year at the valley scale, under different climatic scenarios.
    - They aim to anticipate short-term opportunities and identify how to implement various watering actions in order to meet identified environmental objectives. EWAGs must ensure that the advice and reports they produce are consistent with the relevant water sharing plan for their water source
- Working with private landholders in the delivery of environmental water. Collaboration with landholders has been the key to achieving beneficial environmental results.
    - An example of this is in the Private Property Wetlands Watering Project:
        - The project provides water to wetlands that have been disconnected from natural flood paths.
        - NSW works with landholders to determine priority sites, schedule flows, optimise infrastructure and manage the delivery of water, usually via pumps or irrigation channels. With the help of landholders, NSW monitor the response of vegetation and wildlife during and after flows.
        - Since the program began in 2001 more than 200 private wetlands and creek systems have taken delivery of environmental flows resulting in an increase in wetland plants and fringing vegetation, bird-breeding, and the re-emergence of endangered frogs and other species.
    - More recently, through compensatory arrangements, NSW has reached agreements with some Murrumbidgee landholders not to pump from their private wetlands which have been inundated by natural flows. This increases inundation duration to better support wetland vegetation and other wetland-dependent biota.
- In addition, NSW is working with Aboriginal groups in a number of valleys to deliver water to Indigenous Protected Areas (IPAs) and areas of cultural significance.
    - In the 2017-18 water year NSW worked with Aboriginal communities to deliver water to culturally significant wetlands.
    - Environmental water was delivered to the Toogimbie wetland complex.
        - Toogimbie Station is an Indigenous Protected Area (IPA) on the Murrumbidgee River, 35 km west of Hay.
        - The Nari Nari tribal council (NNTC) has been managing Toogimbie IPA since it was declared in 2004 (category IV (IUCN)).
        - The Nari Nari people have been undertaking restoration activities and the area is now only managed for conservation and cultural activity purposes.
    - Many waterbird and frog species have been recorded in the area including the southern bell frog.
    - The delivery of environmental water facilitates restoration efforts by aiding the recovery of wetland vegetation and provide refuge for wetland-dependant species NSW continues working with other Indigenous communities to achieve improved cultural and ecological outcomes

	Ac) Other Basin Plan implementation activities, namely SDL adjustment: Describe how local knowledge and solutions identified through engagement with local communities, including Aboriginal communities, impacted on the implementation of other key Basin Plan mechanisms or activities including the development and implementation of SDL adjustment measures. (Reporters may also choose to address any of their other engagement priorities, which may vary among jurisdictions). Examples or case studies are not mandatory, but may be a useful way to describe how local knowledge and solutions inform implementation of the Basin Plan.	**Ac) Other Basin Plan implementation activities** NSW met this milestone through a number of activities listed below: **NSW water reforms** As part of the ongoing delivery of the Water Reform Action Plan, NSW undertook a consultation program across the state between 13 March and 13 April 2018, with a series of roadshows in key regional areas to ensure communities were able to provide comment and input into the development of water policy as part of the water reforms, seeking local knowledge, views and solutions across key topics. A wide range of stakeholders provided feedback during the consultation process, including Commonwealth, state and local government agencies, industry peak bodies, agricultural representative groups, water-user representative groups, Aboriginal organisations, environmental groups, irrigator corporations, water infrastructure providers, manufacturers and installers, small- and large-scale farm owners, agricultural finance providers, fisheries groups, private landholders and members of the general public. High-level community consultation statistics: ● 20 events in 12 locations around NSW ● 350+ people attended ● 250+ submissions received ● 7,500+ views of the reform webpage The consultation events were held in a variety of locations using various delivery methods based on stakeholder requirements, such as public meetings, targeted consultation with specific user groups and one-on-one meetings with individual stakeholders. A summary of the feedback received from these consultations, as well as next steps, were published in the “What we heard report”. https://www.industry.nsw.gov.au/water-reform/consultation/previous-water-reform-action-plan-community-consultation This feedback helped shape the June 2018 amendments to the Water Management Act 2000. **New stakeholder engagement policy** As part of the Water Reform Action Plan, the NSW Government has worked to improve engagement with all sectors of the community, and developed and published a new Stakeholder Engagement Policy in 2018 that sets out the approach of the Department in engaging with stakeholders. The new policy is available at: https://www.industry.nsw.gov.au/water-reform/stakeholder-and-community-engagement **SDL supply projects** Stakeholder engagement was critical in the shaping of NSW SDL project proposals and business cases in previous years. In 2018/19 NSW will formally seek Commonwealth funding for pre-construction activities including community and other stakeholder engagement. NSW’s focus during 2017/18 for SDL projects (supply and constraints) was on interjurisdictional processes. This included supporting MDBA in their modelling of the SDL package and consultation on the draft determination, progressing business case assessment issues (See F) and submission of confirmation statements for NSW projects. Preliminary stakeholder discussions have occurred in relation to some SDL projects. For example, input was sought at a number of meetings with Lower Darling communities, including the Barkandji Native Title Group Aboriginal Corporation during 2017/18 on the Broken hill pipeline, Menindee Lakes Reconfiguration project, drought management and broader water issues. These early consultation activities are planned to be expanded in 2018/19 however this is contingent upon NSW and Australian Governments agreeing to SDL pre-construction project funding. Even though Commonwealth funding for the SDL pre-construction project has not yet been provided, NSW has started to invest in increased project management, coordination and stakeholder engagement capability to progress SDL projects. The Wentworth to Broken Hill Pipeline, listed as a concurrent measure in the Preliminary Business Case for the Menindee Lakes project, is on track for delivery this financial year, representing a significant investment in the long term water security of Broken Hill, and removing the reliance of Broken Hill on the Menindee Lakes system for a secure town water supply. **SDL - efficiency measures** NSW has also been engaging with key stakeholders to deliver on the agreement by the Ministerial Council to prioritise the recovery of 62GL in efficiency measures by 30 June 2019. NSW has worked collaboratively with the Commonwealth to promote the Commonwealth’s Water Infrastructure Program and facilitate project proposals from NSW participants.

B. Environmental Watering

Reporting Matter	Reporting Requirement (Supporting evidence to be provided by Basin States)	Response (response/milestone achievement/compliance status)
B1 Long-term watering plans were prepared, with the required content, published, reviewed and updated as obligated under Part 4 of Chapter 8, Divisions 3. *Applicable to Schedule 12, Matter 10, Indicator 10.1; NPA 8f and BPIA 18.1*	**B1** Are you on track to develop long-term watering plans for surface water resource plan areas consistent with the requirements of the Basin Plan? DAWR guidance - reporting may include: • Where long-term watering plans have not been finalised, please indicate whether an extension of time has been agreed with the MDBA and report on progress in the preparation of plans to provide assurance that the agreed revised timeframe will be met.	**B1 NSW Long Term Watering Plans** NSW has met this milestone. As at 30 June 2018 NSW is on track to develop long-term watering plans for surface water resource plan areas consistent with the requirements of the Basin Plan. Long Term Watering Plans (LTWPs) are developed in parallel with the development of Water Resource Plans (WRPs). Timelines for WRPs are the subject of inter jurisdictional negotiations and this impacts dependent timelines for LTWP finalisation. NSW met this milestone as it continues to make good progress in preparation of LTWPs consistent with the requirements of the Basin Plan. • Development continues to include participation of MDBA and Commonwealth Environmental Water Office staff in individual LTWPs. • This engagement is supported by MDBA's previous formal advice that 'NSW LTWPs are being prepared as set out in the Basin Plan and to a high standard.' • The Gwydir LTWP is currently being finalised, in association with the Gwydir WRP, in expectation of Public Exhibition in early 2018/19.
B2 Annual priorities were prepared, with the required content, published, reviewed and updated as obligated under Part 4 of Chapter 8, Division 4 *Applicable to Schedule 12, Matter 10, Indicator 10.1; NPA 8c and BPIA 19.1*	**B2** Were annual environmental watering priorities (AEWP) or other relevant instruments submitted to the MDBA for all areas by 31 May 2018, for the purposes of identifying the Basin annual environmental watering priorities for the water resource plan areas? DAWR guidance - reporting may include: – Confirmation that annual environmental watering priorities have been prepared and provided to the MDBA for all (regulated and unregulated) surface water catchments. – A rationale should be given for any areas where these have not been prepared. – As per s8.24 of the Basin Plan, the level of detail in annual environmental watering priorities may vary according to local conditions, and statutory and other arrangement prevailing in the water resource plan areas.	**B2 Annual Environmental Watering Priorities** NSW has met this milestone for 2017-18 as we have submitted five Annual Environmental Watering Priorities (AEWP) and are progressing the remaining four. Annual Priority Statements for all valleys must be supplied by 2019 and are on track. NSW identified and submitted the 2018/19 Annual Environmental Watering Priorities (AEWP) for surface water WRP areas in the Gwydir, Macquarie-Castlereagh, Lachlan, Murrumbidgee and NSW Murray / Lower Darling • Priorities were developed with regard to the Basin Plan Part 4 of Chapter 8, Division 4 and the principles in Part 6 of Chapter 8. • Priority statements were provided to the Murray-Darling Basin Authority (MDBA) prior to 31 May 2018. • These identified how environmental water is likely to be used in the coming year, depending on ecological and climatic factors, including antecedent conditions, and water availability. NSW annual watering priorities are available online on the NSW Office of Environment and Heritage website at: https://www.environment.nsw.gov.au/topics/water/water-for-the-environment Outstanding Priority statements are under development for the following surface water WRP areas in: • Namoi • Barwon-Darling • Intersecting streams, and • Borders Rivers. As LTWP have not yet been finalised for these valleys, NSW supports the environmental priorities identified by the Commonwealth Environmental Water Holder (CEWH), as in these valleys the CEWH actively manages environmental watering. Once LTWP have been finalised for these valleys, they will be used as the guiding document for the development of AEWPs for both CEWH and NSW. In 2017/18, NSW established an Intergovernmental Working Group (IWG) on environmental water as part of NSW water reforms, with an initial focus on the Barwon Darling (representatives across tiers of government). The IWG identified priority objectives for environmental watering in the Barwon Darling, based on draft Environmental Watering Requirements (EWRs) developed by NSW. Subsequently, in mid 2018 NSW protected a natural event and a release of Held Environmental Water (HEW) to protect the environmental water via a S324 Order issued under the NSW WMA 2000. This is known as the Northern Connectivity Event. In valleys such as the Intersecting Streams, there is little hydrologic stress on the rivers in the NSW sections, and minimal HEW. NSW therefore regards it as impractical to develop annual watering priorities where the flows are wholly unregulated and cannot be actively managed. The WRP, once developed, will contain access rules that ensure any risks to environmental assets are managed.
B3 Watering strategies, plans and	**B3)** Please describe progress in coordination, consultation or	**B3 Watering strategies, plans and priorities**

priorities are prepared consistently with Part 4 of Chapter 8**,** in relation to coordinating, consulting and cooperating with other Reporters and the matters to which regard must be had (Chapter 8, Part 4) *Applicable to Schedule 12, Matter 10, Indicator 10.2; NPA 8c, 8d and 8f and BPIA 20.1*	cooperation issues with other Basin jurisdictions on the management and delivery of environmental water and opportunities for further improvement.	NSW met this milestone for 2017/18 through the following activities: ● NSW prepared the NSW watering strategies, WRPs, LTWPs, AEWPs and Annual Priority Statements consistently in accordance with Chapter 8, Part 4. This approach, which includes addressing community concerns and priorities, is developed in a cooperative fashion with input from key stakeholders. ● At a WRP area scale Environmental Water Allowance Groups (EWAGs) (including Indigenous stakeholders, CEWO, government agencies, Irrigator groups and landholders) agreed on environmental watering priorities and programs for release of environmental water in the Gwydir, Macquarie-Castlereagh, Lachlan, Murrumbidgee and NSW Murray / Lower Darling. http://www.environment.nsw.gov.au/topics/water/water-for-the-environment ● In other valleys, NSW and CEWO agreed on environmental watering priorities, and these were communicated via annual watering plans published by CEWO http://www.environment.gov.au/water/cewo/publications ● NSW established an Interagency working group (IWG) for environmental water management, with a focus on the Barwon Darling and the northern basin. Members of the IWG included relevant NSW and commonwealth agencies, eg NSW OEH, MDBA, CEWO etc. The IWG developed and implemented interim measures to protect the passage of environmental water from the northern basin tributaries into and through the Barwon Darling. CEWO and NSW agencies both engaged with the Barwon Darling Stakeholder Advisory Panel (SAP) on these releases. This included consultation with key industry groups, indigenous groups and other community stakeholders. The community was kept informed using a weekly information release from CEWO to describe progress of the Northern Connectivity Event. ● In the southern Basin, NSW worked with other jurisdictions and CEWO via the Southern Connected Basin Environmental Watering Committee (SCBEWC) and the River Murray Operations Committee (RMOC) to discuss and negotiate environmental watering in the southern connected basin. ● In the northern Basin, NSW worked with Queensland and the CEWO to connect the northern rivers. This connection flow was made possible following rainfall in northern catchments providing unregulated flows into the Barwon-Darling. In addition, water was also made available via the embargo on water extraction and Condamine-Balonne Queensland irrigators volunteering not to take water from the system. NSW provided significant support for this flow event by providing environmental water, technical advice, river information, and protecting the water so that it stayed in the river channel to benefit the environment and community. ● NSW has been engaging with stakeholder advisory panels for each WRP area to present outcomes relating to environmental water, including discussion on Long Term Watering Plan objectives, and how NSW is addressing risks associated with the delivery of environmental water. As part of the Basin Plan reporting process NSW agencies (DoIW, OEH and DPI Fisheries) work collaboratively to deliver required reporting, To support this approach, the three NSW agencies have formed an Ecological Outcomes Monitoring Working Group to ensure that monitoring, evaluation and reporting efforts are fit-for-purpose, are not duplicated and are scientifically-robust. NSW also works closely with the Victoria and SA to deliver watering events within the Murray.
B4 How Environmental watering principles were applied consistent with Chapter 8, Part 4, Division 6. *Applicable to Schedule 12, Matter 10, Indicator 10.3; NPA 8d and BPIA 20.2*	**B4a)** Provide at least one case study that demonstrates how environmental watering principles were embedded in the decision-making process and identify the relevant principles.	**B4a) Environmental Watering Principles** NSW met this milestone as environmental watering principles were consistently applied. This is discussed in detail below and includes a case study for demonstration. (Further details on the case study are available on request). Environmental water managers within NSW follow the principles of environmental watering listed in Chapter 8, Part 4, Division 6. NSW Office of Environment & Heritage (OEH) has written an Environmental Water Management Manual 2018 that outlines the decision making process that water managers must follow before an environmental water release is made. Prior to the beginning of the 2017-18 water year Annual Environmental Watering Plans (AEWP) were developed for the Gwydir, Macquarie-Castlereagh, Lachlan, Murrumbidgee and Murray-Lower Darling, in consultation with Environmental Water Advisory Groups (EWAGs) and The Commonwealth Environmental Water Office (CEWO). The development of watering priorities takes into account long-term objectives, antecedent conditions and resource assessment scenarios. Water managers also ensure that MDBA annual priorities are considered, as per Principle 1. The delivery of environmental water requires the completion and approval of a Form A (request to deliver environmental water) to ensure the watering purpose is aligned with the valley Annual Watering Priorities and MDBA Annual Priorities and objectives (Principles 1 and 2). Environmental water managers must also document on the Form A what water sources and volumes will be used, what environmental benefits are expected (Principle 3), any risks associated with the watering event (Principle 4), communications/collaborations (Principle 7), costs (Principle 5) and monitoring that will be

undertaken to inform adaptive management (Principle 8). Where water is delivered to internationally-recognised wetlands, any management requirements under the Ramsar conventions are met (Principle 9).

Form B's are completed soon after a watering event has been finalised. The Form B's capture the final volumes delivered from various water sources, issues arising from the event, how water delivery may have been improved, communications and preliminary monitoring results of environmental responses. At the end of each water year an environmental watering outcome report is made available on the OEH website.

Examples of how the principles have been applied is provided below using an environmental watering event in the Macquarie-Castlereagh.

Principle 1 - Basin annual environmental watering priorities

MDBA Multi-year priorities are: *"This change to multi-year priorities is a response to experience that shows that a medium-term perspective would better enable water managers to have regard to the priorities in their annual planning processes and recognition that for some environmental objectives to be achieved the same sorts of watering actions are required in consecutive years"*.

At the commencement of the water year, 375GL of water was available in environmental water accounts. This volume is made up from 254,166 ML of unused allocation carried over from 2016/17 water year and 120,472 ML from a 36% Available Water Determination (AWD) made on the 1st July, 2017.

Environmental water demand in 2017-2018 was assessed to be relatively low for many assets due to large volume of system inflows and widespread inundation of the Macquarie Marshes in late 2016. Some assets that require higher frequency flows however vary in water demand. Overall, resilience of the mid Macquarie River and Macquarie Marshes system has improved since the very dry preceding years of 2013 to mid-2016. The current challenge is to secure those gains for the medium-term.

The Macquarie Cudgegong Environmental Flow Reference Group (EFRG) developed a 3-year release strategy based on the 375GL of Environmental Water holdings. The plan is based on the "worst case" scenario that the catchment remains dry and no further AWD being made during the 3-year period.

This three-year watering strategy for Macquarie Marshes is focussed on building resilience in the "Pink Zone". The Pink Zone has been identified as requiring 100GL+ over a 5-month period between June and April to inundate core semi-permanent areas which include reed-beds, water couch, mixed marsh and River Red gum forests of the Northern marshes feed by the Bora, Ginghet and Macquarie River channel. This Pink Zone also encompasses the East Marsh (Gum-Cowal/Terrigal) wetland system.

A wet marsh allows for greater flow efficiency within this large and complex system. The effectiveness of the environmental water deliveries to reach the normally difficult River Red Gum forests north of the Northern Marsh Nature Reserve is made more feasible under wet antecedent conditions. The three-year release strategy aims to capitalise on these wet antecedent conditions with the primary focus being to build resilience to 20,000 ha of wetland vegetation.

Principle 2 – Consistency with the objectives in Part 2

The three-year plan focus is to maintain, and build system resilience in the semi-permanent, mixed marsh and river red gum woodlands. When the drought breaks, our aim is to have these wetlands and native fish population both able, and ready to respond.

Opportunities to provide longitudinal connectivity between the Macquarie River and Barwon River are also provided.

Principle 3 - Maximising environmental benefits

Although the main objective of the flow was to achieve vegetation and water bird responses in the Macquarie Marshes, the environmental watering event also sought to maximise other benefits. Examples are:

- Achieve one native fish connection flow to the Barwon River during the next three years, using up to 50GL of water. In the absence of release triggers, this 50GL will be repurposed to increase the volume available in the 2019/20 water.
- An additional 10GL fish dispersal flow in the Mid-Macquarie River in 2017/2018, subject to triggers.

Principle 4 - Risks

The flow rates for Held Environmental Water (HEW) and active Environmental Water Allowance (EWA) are capped at 3,200ML/day to prevent 3rd party impacts (particularly flooding).

Principle 5 – Costs

Cost benefit analysis is not undertaken on NSW e-watering, the cost assessment is against available budget. So, if budget is available, NSW waters. It is other criteria that determine where NSW waters.

		Principle 6 – Precautionary NSW has been delivering water in the Macquarie valley for over 30 years so experience with managing uncertainty. Principle 7 – Working effectively with local communities All releases are discussed and agreed to by both CEWO and EWAGs. The EWAG includes irrigator, landholder, and indigenous representatives. Principle 8 – Adaptive Management Additional on-ground monitoring equipment was installed in Pink Zone to record water arrival dates, inundation depth and wetland response to measure outcomes and refine future release rates. Principle 9 – Relevant International Agreements Southern and Northern Marshes Nature Reserves are listed under Ramsar with two private Ramsar sites. Environmental water was delivered in 2017-18 to all Ramsar sites. Marshes used by JAMBA and CAMBA birds with flow aimed to maintain breeding habitat and foraging grounds. Principle 10 – Other Management and operational practices Winter flows are frequently delivered to the Macquarie Marshes to prime the system for the subsequent spring environmental flow event. These flows fill river channels in the southern and northern Marshes and partially wet the northern reedbed. These watering actions improve spring watering efficiency, boost the inundation effect of any local rainfall and refill shallow groundwater levels that may be depleted due to evapotranspiration.
	B4b) Please provide reasons for any environmental watering that was not in accordance with the Basin annual watering priorities listed at Att A (partially/fully), in accordance with Section 8.44 of the Basin Plan and Principle 1.	**B4b) Environmental watering that was not in accordance with the Basin annual watering priorities** NSW has met this milestone. There were three environmental watering events which were required in the NSW Murray which deviated from the Basin annual watering priorities. All three events involved in-channel deliveries to improve ecosystem resilience and fringing riparian vegetation. There were no overbank flows associated with the deliveries and therefore these events did not meet MDBA priorities for vegetation, which did not include fringing or riparian vegetation. Annual reporting priorities were provided for the Murray and Lower Darling, and these included requirement for flows (6 gigalitres) planned to enhance the condition of vegetation along the Jimaringle, Cockran and Gwynnes and Murrian-Yarrien creeks, improving water quality and reconnecting with receiving streams like the Niemur and Wakool rivers. More information is available at: https://www.environment.nsw.gov.au/research-and-publications/publications-search/annual-environmental-watering-priorities-2017-18-murray-and-lower-darling
	B4c) Confirmation that the management and delivery of planned and held environmental water was consistent with the Basin Plan, including the environmental watering plan's *Principles to be applied to environmental watering*. If confirming, please provide evidence and examples. If unable to confirm, please describe what actions are underway to enable confirmation in the future. DAWR guidance - reporting under B4c) may include: – Confirmation that the management and delivery of planned and held environmental water was consistent with the Basin Plan's *Principles to be applied to environmental watering*, including Principle 4b, which states that environmental watering is to be undertaken having regard to the risks of extraction of that water for other uses.	**B4c) Confirmation that the management and delivery of planned and held environmental water was consistent with the Basin Plan** This milestone was met as NSW successfully managed and delivered planned and held environmental water consistent with the Basin Plan during 2017/18. In 2017-18 three areas were identified where more active management was required to protect environmental water deliveries. Specifically the supply to the Barwon Darling, the Macquarie and the Gwydir. Interim solutions for environmental watering in the Barwon Darling were developed by the Intergovernmental working group (IWG), which was established in early 2018 to develop options to better manage environmental water as part of the Water Reform Action Plan announced in late 2017. The IWG included representation from NSW agencies, as well as the Commonwealth Environmental Water Holder (CEWH) and MDBA, and identified priority objectives for environmental watering in the Barwon Darling, based on draft Environmental Watering Requirements (EWRs) developed by NSW OEH. Subsequently, in 2018 NSW protected a natural event as well as a release of Held Environmental Water (HEW) as part of the Northern Connectivity Event. The water in both events was protected via s324 Orders issued under the NSW WMA 2000. In 2018/19, the IWG is continuing to work through enduring solutions for environmental water management in the Barwon Darling, including the introduction of Individual Daily Extraction Limits (IDELs), Total Daily Extraction Limits (TDELs), and consideration of a first flush protection rule. Additionally, the IWG is working on options for greater protection of HEW in the unregulated portions of the Macquarie and Gwydir Rivers, so that these flows can be protected once they leave the regulated system. The Barwon Darling, Macquarie, and Gwydir have been identified by the IWG as the priority valleys where extraction of environmental water is seen as a significant risk. Prior to the establishment of the IWG there was no mechanism in place to protect environmental water that moved from the northern basin tributaries

		into the Barwon Darling. Additionally, protection mechanisms did not exist in the unregulated sections of the lower Macquarie and Gwydir rivers. In addition to the risks associated with extraction of environmental water, NSW also has a process that guides environmental water managers on how to identify, assess and mitigate risks associated with water delivery. Risk assessment for water delivery encourages managers to anticipate all risks likely to impact on the delivery of water to the target assets, including both the possible undesirable consequences of the delivery and consequences of not delivering. Risks are assigned high, medium and low ratings as per a risk matrix. Managers also outline and assign responsibility for likely management responses if risks eventuate and then reassess the risk level after the risk management strategies are implemented. Environmental water event planning includes the consideration of risks to downstream users and water quality.
B5 Characteristics of licenced entitlements held for environmental use *Applicable to NPA 8a*	**B5** Except as otherwise agreed between the Commonwealth and the relevant State(s) to facilitate improved environmental watering, please confirm that the characteristics of licensed entitlements held for environmental use have not been enhanced or diminished relative to like entitlements held for other purposes. DAWR guidance - reporting may include: – Where proposals to trade environmental water have not been supported, evidence of likely adverse third party impacts should be provided.	**B5 Characteristics of licenced entitlements held for environmental use** NSW has met this milestone and confirms that the characteristics of licensed entitlements held for environmental use have not been enhanced or diminished relative to like entitlements held for other purposes during 2017-18. **Trades** involving entitlement held for environmental uses are subject to the same rules and approval processes as licences held for other purposes, and may be rejected if they do not comply with standard trade rules or administrative requirements. Proposals for the bulk trade or delivery of environmental water have not been rejected in the past water year as a result of specific policy or planning decisions relating to management of environmental water.
B6 Measures to facilitate the use of environmental water *Applicable to NPA 8b*	**B6a)** Where feasible and agreed by the relevant basin state, and where third party impacts have been considered, confirm that measures have been implemented to facilitate the use of environmental water by protecting environmental water in-stream and on land.	**B6a) Measures to facilitate the use of environmental water by protecting environmental water in-stream and on land** NSW has met this milestone through a number of activities and initiatives. During 2017-18 NSW established an Intergovernmental Working Group (IWG) on environmental water, with an initial focus on the Barwon Darling. The IWG includes representation from NSW agencies, as well as CEWH and MDBA. The IWG identified priority objectives for environmental watering in the Barwon Darling, based on draft Environmental Watering Requirements (EWRs) developed by NSW OEH. Subsequently, NSW protected a natural event and a release of Held Environmental Water (HEW) referred to as the Northern Basin Connectivity Flow Event. This event was to protect the environmental water via a s324 Order issued under the NSW WMA 2000. The IWG is currently working through enduring solutions for environmental water management in the Barwon Darling, including the introduction of Individual Daily Extraction Limits and Total Daily Extraction Limits (IDELs & TDELs) and consideration of a first flush protection rule. Additionally, the IWG is working on options for greater protection of HEW in the unregulated portions of the Macquarie and Gwydir Rivers, so that these flows can be protected once they leave the regulated system. The Barwon Darling, Macquarie, and Gwydir have been identified by the IWG as the priority valleys where extraction of environmental water is seen as a significant risk. Recent amendments to the Water Management Act 2000 allows NSW to develop a framework to consult and negotiate with persons impacted by environmental water delivery
	B6b) Describe how has the State facilitated: – the delivery of environmental water in-stream through arrangements such as water shepherding to facilitate environmental flows (NPA 8(b)(i)) and, – the further use of environmental water at multiple locations, such as through return flow provisions (NPA 8(b)(ii).	**B6b) Delivery and Use of Environmental Water** NSW met this milestone through a number of activities and initiatives. – the delivery of environmental water in-stream through arrangements to facilitate environmental flows (NPA 8(b)(i)) Instream delivery of environmental water to the Barwon-Darling was facilitated through the protection of natural flows and the addition of environmental water to build on the natural events as part of the Northern Basin Connectivity Flow Event mentioned in B6a In January 2018, the Barwon-Darling River downstream of Brewarrina ceased to flow. Rainfall in Queensland began flowing into the Barwon-Darling during March 2018. This rainfall partly replenished some of the refuge waterholes in the Barwon-Darling and some northern tributaries, but was not enough to provide extensive connectivity between waterholes. In response, between April and June 2018, Commonwealth and NSW environmental water was delivered mainly from the Gwydir and Border Rivers catchments to build on these natural inflows and improve connectivity across multiple river systems with the major aim of supporting native fish. – the further use of environmental water at multiple locations, such as through return flow provisions (NPA 8(b)(ii))

	B6c) Where interim measures have been implemented, please describe what actions are underway, or proposed, to implement enduring measures that will facilitate longer term protection and use of environmental water. If unable to confirm, please describe what actions are underway to enable confirmation in the future. DAWR guidance - reporting under B6a), b) and c) may include: – Confirmation that arrangements are in place to protect environmental flows and allow reuse of environmental water at multiple locations. Please indicate where these arrangements are specified. – Reporting on the implementation of Prerequisite Policy Measures should also be provided. – Where these measures have not been fully implemented, please indicate what future actions are planned to ensure implementation by June 2019, for example through the preparation and accreditation of water resource plans.	In April 2017 NSW endorsed the Prerequisite Policy Measures (PPM) implementation plan for the River Murray system (MDBA drafted this and Basin State provide input and endorse the final plan). This is the implementation plan for the delivery of environmental water for the River Murray, which included protection of return flows provisions. Based on this PPM implementation plan which is now in use, there was an environmental water delivery trial for the Murray Lower-Darling. In addition there was the Murrumbidgee Bulk Environmental Delivery Trial for the 2017-18 water year which facilitated the use of environmental water. **B6c) Enduring Measures to facilitate the longer term protection and use of environmental water** NSW met this milestone and is actively working through enduring solutions for environmental water management. As mentioned in B6a, NSW identified in 2017-18 three areas where more active management was required to protect environmental water deliveries. Specifically the supply to the Barwon Darling, the Macquarie and the Gwydir. Interim solutions for environmental watering in the Barwon Darling were developed by the Intergovernmental working group (IWG), which was established in early 2018 to develop options to better manage environmental water. The IWG was formed as a result of water reforms announced in late 2017. The IWG included representation from NSW agencies, as well as CEWH and MDBA. In 2017/18, the IWG identified priority objectives for environmental watering in the Barwon Darling, based on draft Environmental Watering Requirements (EWRs) developed by NSW OEH. Subsequently, in 2018 NSW protected a natural event as well as a release of Held Environmental Water (HEW) as part of the (the Northern Basin Connectivity Flow Event). The water in both events was protected via a s324 Orders issued under the NSW WMA 2000. ● The delivery of an environmental flow over 2,000 km of river, including the northern tributaries and the full length of the Barwon-Darling River to the Menindee Lakes, required considerable coordination between many agencies. NSW supported this event by providing environmental water, technical advice, river information, and protecting the water so that it remained in the river channel to benefit the environment. In 2018/19, the IWG is continuing to working through enduring solutions for environmental water management in the Barwon Darling, including the introduction of Individual Daily Extraction Limits (IDELs), Total Daily Extraction Limits (TDELs), and consideration of a first flush protection rule. Additionally, the IWG is working on options for greater protection of HEW in the unregulated portions of the Macquarie and Gwydir Rivers, so that these flows can be protected once they leave the regulated system. Where appropriate, these enduring solutions will be incorporated into the WRPs for the Barwon Darling, Gwydir, and Macquarie valleys. The NSW Government also delivered environmental flows to multiple locations on a number of occasions. An example of such actions was the delivery of an Environmental Water Allowance from Lake Brewster to the lower Lachlan River. The EWA was delivered as an Autumn pulse under very dry conditions, with the aim of supporting native fish by replenishing refuges in the lower Lachlan system. A portion of the EWA was diverted into the Noonamah system in the lower Lachlan to support southern bell frogs which are known to use this system as refuge under very dry conditions. NSW has an endorsed implementation plan for PPMs. The requirement of that implementation plan is for NSW to develop provisions for their WSP and procedure manual for the Murrumbidgee and Murray Lower-Darling. NSW is currently drafting both the provisions for the WSPs and the procedures manual. NSW has met with MDBA and they are satisfied with progress.

C. Water Quality and Salinity Management

Reporting Matter	Reporting Requirement (Supporting evidence to be provided by Basin States)	Response (response/milestone achievement/compliance status)
C1 Progress with implementation of the Basin Plan W*ater Quality and Salinity Management Plan* (BP CH9) and outcomes. *Applicable to Schedule 12, Matter 14, Indicator 14. and BPIA 21.1*	**C1** Context: BP ch9.14 recognises that flow management, in some circumstances, can assist with the management of water quality issues, such as salinity, hypoxic blackwater events and blue green algal outbreaks. The intent of s9.14 is that 'having regard' to these risks and opportunities becomes part of business as usual when making decisions about flow management or the use of environmental water. Other actions that can also address water quality issues include coordination and communication about blue	**C1 Progress with implementation of the Basin Plan W*ater Quality and Salinity Management Plan* (BP CH9) and outcomes** NSW has met this milestone through following specific flow management procedures and the use of environmental water to assist with the management of water quality issues, against requirements of the Basin Plan W*ater Quality and Salinity Management Plan*. Information on this is described below: When delivering environmental water, managers assess delivery risks, including those associated with water quality. These risks are identified prior to delivery, with the level of risk calculated using a risk classification assessment table and a risk mitigation strategy. On completion of a watering event any issues, including those relating to water quality, are identified and documented to inform the adaptive management of environmental water delivery.

	green algal outbreaks (in line with BP9.18) or hypoxic blackwater events. In this context, please describe how these water quality issues were considered, when making decisions about flow management or the use of environmental water, and/or other actions; did this make a difference to these water quality issues, and any learnings to inform continuous improvement.	Environmental water may also be used to provide fish refuges from natural hypoxic events and maintain water quality in refuge pools under low flow conditions. In addition, other current procedures and tools to enable meeting water quality targets for dissolved oxygen, recreational water quality and salinity. The information below addresses how we made decisions about flow management and the use of environmental water to address the specific water quality requirements of the Basin Plan. BP s9.14 a) to maintain dissolved oxygen at a target value of at least 50% saturation ● NSW operates a network of dissolved oxygen early warning sensors in the Murray and Riverina regions. Information from these sensors is disseminated weekly during high risk times and management options discussed by multi-agency river operation groups when a warning for a potential low dissolved oxygen or blackwater event is triggered. This enables NSW to respond rapidly to prevent a black water event occurring. ● Physical monitoring of dissolved oxygen occurs routinely in all NSW Murray-Darling Basin catchments, with the potential to monitor key water flow events as required during high risk times. This also allows NSW to identify areas where there are risks from low dissolved oxygen. As an example, in the Gwydir valley NSW OEH has identified that part of its watering portfolio is to prevent blackwater events happening following long dry periods. BP s9.14 b) the targets for recreational water quality in s9.18 ● In NSW, the State Algae Advisory Group, the Technical Advisory Group and the six Regional Algal Coordinating Committees within the Murray-Darling Basin are coordinated under the NSW Algal Risk Management Framework. ● Managing the risk of algal blooms in NSW fresh waters includes a multi-agency coordinated algal monitoring program, management of blooms and the release of public notifications. Algal warning levels are for recreational water use as set out in the Australian Guidelines for Managing Risks in Recreational Water. ● Areas identified as being under red alert are managed based on the above frameworks and are represented on the following interactive map managed by WaterNSW. https://www.waternsw.com.au/water-quality/algae BP s9.14 c) the levels of salinity at the reporting sites set out in the following table should not exceed the values set out in the table, 95% of the time. ● NSW continuously monitors river salinity at a number of key locations within the Murray-Darling Basin. ● Modelling tools support salinity management by enabling assessment of salinity regimes under a 'stationary' water management regime, enabling different management options to be explored and evaluated, or to allow the extrapolation of salinity into the future or into geographic areas where there is little data available. ● NSW adheres to its obligations under the Basin Salinity Management Strategy by remaining in positive balance on the salinity registers, and to maintain the Basin salinity targets in the Murray–Darling Basin Agreement for salinity planning and management. ● The Murray-Darling Basin Authority, Basin Officials Committee and Basin States undertake long-term salinity planning and management functions in accordance with the targets in Appendix 1 of Schedule B, including the Basin Salinity Management Strategy Operational Protocols.
C2 Apply salinity targets in the Murray– Darling Basin Agreement for salinity planning and management. *Applicable to Schedule 12, Matter 14 and BPIA 23.1*	**C2** The MDBA, the BOC, and Basin States are to undertake any long-term salinity planning and management functions in accordance with the targets in Appendix 1 of Schedule B of the Murray-Darling Basin Agreement (including the Basin Salinity Management Strategy Operational Protocols). Please indicate how this is done. Note that Basin States may refer to Basin Salinity Management 2030 Strategy reporting to meet this reporting requirement, in line with the Schedule 12 Reporting Guidelines.	**C2 Apply Salinity Targets** NSW met this milestone through applying long-term salinity planning and management functions in accordance with salinity targets developed as part of Basin Plan requirements and used as part of the Water Resource Planning (WRP) process for surface water sources. The Salinity Targets from Appendix 1 of Schedule B of the Basin Plan are comprehensively reported annually under BSM2030 Strategy governance arrangements. NSW will submit the annual BSM 2030 Strategy report by October 2018. NSW developed **Water Quality and Salinity Management Plans** for all surface WRPs during 2017-18. The Water Quality and Salinity Management Plans for all valleys were developed based on a comprehensive analysis of monitoring and modelling information to assess meeting of irrigation and other targets. A review plan has been developed for accountability of salinity actions, and these have regard to targets. The Section 9.14 Item 4 target is one of several factors considered in flow management in the Lower Darling. An elevated salinity event investigation along with recommendations under BSM 2030 Strategy set out how this was considered.

C3 Determine whether the trigger is reached. *Applicable to Schedule 12, Matter 13 and BPIA 26.1*	**C3** The Guideline for the triggers and processes for changing water sharing Tiers provides guidance on how the MDBA and Basin States should communicate if the triggers are reached. Please indicate if a trigger was reached and if so, what action was taken.	**C3 Water Quality Triggers** NSW has met this milestone and can confirm that no water quality triggers were reached due to a water quality event during 2017-18. Consequently no water was released for this purpose. However, NSW actively worked to avoid a water quality event trigger during 2017-18, particularly in NSW's involvement in the Northern Basin Connectivity Flow Event. • This event was highly successful in preventing algal blooms threatening town water supplies along the Barwon and Darling Rivers.

D. Water Trading

Reporting Matter	Reporting Requirement (Supporting evidence to be provided by Basin States)	Response (response/milestone achievement/compliance status)
The implementation of water trading rules.		
D1 Compliance with the Basin Plan water trading rules *Applicable to Schedule 12, Matter 16, Indicator 16.1 and BPIA 29.1-31.1*	**D1** Provide website links to the publication of information regarding an Approval Authority's interest in a trade (s12.38 (2)). Provide documentation to support compliance with s12.37 (notice of disclosure) Describe how you have notified affected parties with the decision to restrict a trade and reasons for the restriction consistent with 12.39. How has your State undertaken best endeavours to ensure water announcements have been made generally available? Provide documentation that supports a compliance with s12.50 (water announcements to be made generally available).	**D1 Compliance with the Basin Plan water trading rules** NSW has met the milestone and is compliant with the Basin Plan water trading rules. This is described in detail below. **12.38(2) Approval Authority's interest in a trade** Information on any trades undertaken by NSW Government are published on the NSW Water Register, consistent with published information on all trades. https://waterregister.waternsw.com.au/water-register-frame **12.37 Notice of disclosure** Trades in NSW are approved by WaterNSW, who do not hold any commercial licences and therefore have no legal, equitable or commercial interest in individual trades. **12.39 Decision to restrict a trade** When a trade application is rejected WaterNSW gives notice of the decision as well as reasoning for the decision at the same time directly to the applicant. Private application details are not shared publicly. Information on trade applications is provided on WaterNSW website: https://www.waternsw.com.au/customer-service/ordering-trading-and-pricing/trading And https://www.waternsw.com.au/customer-service/ordering-trading-and-pricing/trading **12.50) Announcements made generally available:** Information about NSW water announcements are made available and can be accessed via the DOI Water and WaterNSW websites: https://www.industry.nsw.gov.au/water/allocations-availability/allocations/determinations https://waterregister.waternsw.com.au/water-register-frame https://www.waternsw.com.au/customer-service/news/availability Additionally, NSW is continually working to ensure ongoing compliance with Basin Plan Cl 12.50. A Market Sensitive Information Policy and associated training material is being finalised along with guidelines on the 'Communication of Market Sensitive Information'.
D2 Trade processing times *Applicable to Schedule 12, Matter 16, Indicator 16.2; NPA 6d and BPIA*	**D2a)** Report on interstate and intrastate trade processing times (as per the COAG service and reporting standards for trade processing times).	**D2a) Interstate and Intrastate Trade Processing Times** NSW has met this milestone and has reported on interstate and intrastate trade processing times during the 2017-18 water year. This is done via the NSW Water Register and also via a monthly report that WaterNSW publishes monthly. Details on both are provided below: **The NSW Water Register**

29.1-31.1	**D2b)** Provide confirmation that applications for entitlement and allocation trades to which the Commonwealth was a party were processed consistent with the agreed service standards.	The register provides a record of applications for approval. The details include: 1. the date the application was received 2. the water source to which it relates 3. the category of approval the applicant is seeking and type of work 4. the status of the application Details on trade processing times can be found on this register at: https://waterregister.waternsw.com.au/water-register-frame **WaterNSW Trade Statistics** WaterNSW also publishes monthly reports on trade processing times, available at: https://www.waternsw.com.au/customer-service/ordering-trading-and-pricing/trading/statistics-by-month **D2b) Confirmation that applications for entitlement and allocation trades were processed consistent with agreed service standards** NSW has met this milestone. NSW confirms that it has processed applications for water entitlement and allocation trades, to which the Commonwealth was a party, consistent with the agreed service standards for trade processing times for state approval agencies.
Restrictions on trade and their application (Refers compliance status with sections s12.02-12.27 of the Basin Plan).		
D3 Ensure trades are consistent with the Basin Plan water trading rules *Applicable to Schedule 12, Matter 16; NPA 6a, and 6b and BPIA 29.1*	**D3a)** Report progress made in the last year in removing unnecessary restrictions on allocation trade in surface water systems including those MDBA identified as priorities in each Basin state.	**D3a) Trades Consistent with the Basin Plan Water Trading Rules** NSW has met this milestone as we have been actively working towards resolving inconsistency with the Basin Plan Water Trading Rules. NSW is continuing to negotiate with the MDBA on trade with QLD in the Intersecting Streams, and are awaiting a water sharing plan amendment in the Southern Basin on trade closures dates. The amendment will mean NSW is compliant in that area. Details of all activities are outlined below. Over the past water year, NSW has actively worked towards achieving consistency with the Basin Plan water trading rules. Ongoing discussions on trade rule compliance have taken place at the Trade Rules Working Group and directly between MBDA and NSW Government officers on multiple occasions. In 2015, MDBA identified priority compliance issues for NSW. Since that time NSW has focused resources on addressing these issues. Below provides a progress update on trade restrictions identified as priorities by the MDBA. **Interstate trade arrangements between NSW and the ACT:** The ACT has been seeking a mechanism to have a 2014 Commonwealth purchase of ACT-held entitlement in the NSW Murrumbidgee legally recognised against their shared reduction target of 4.9GL. Trade between NSW and the ACT was initially explored as a possible mechanism, but ultimately found to be inappropriate. Over the past water year, NSW has instead being working with the MDBA and ACT on an alternative solution, whereby an amendment to the Basin Plan has been proposed. The MDBA, ACT and NSW have now agreed on the following two-stage approach: 1. Accredit an ACT surface water WRP with a method for determining permitted take, based on level of take consistent with the BDL, and which includes a statement that the Australian government is responsible for 'bridging the gap' of 4.9 GL/yr between the BDL and SDL. 2. At the next available opportunity, amend the Basin Plan to: add 4.9 GL/yr to the SDL description for the ACT surface water SDL in recognition of the Commonwealth's 2014 purchase of 4.9 GL/yr to meet the SRA in the ACT; and deduct 4.9 GL/yr from SDL description for the NSW Murrumbidgee SDL in recognition of the Commonwealth's 2014 purchase of 4.9 GL/yr in the NSW Regulated Murrumbidgee. Therefore a framework for trade between the ACT and NSW is no longer required within the 2019 timeframe for WRP accreditation. In June 2018, the MDBA prepared a draft discussion paper on the 'Proposal to finalise the ACT Shared Reduction Amount' summarising this issue. NSW and the ACT are currently in discussions about the potential for interstate trade to be developed at a future date. NSW is waiting on the ACT to articulate to NSW their requirements and drivers for trade, now that it is no longer required for the purpose of recognising the shared reduction. NSW notes, however, that trade between unregulated (ACT Murrumbidgee) and regulated (NSW Murrumbidgee) systems - as is this case here - is not required under Basin Plan Cl 12.16. Thus NSW is consistent with the Basin Plan trading rules and meets milestone D3 on this matter. Despite this, NSW

		remains open to the possibility of establishing a retail trade framework. **Interstate trade arrangements between NSW and QLD** NSW and QLD remain aligned in the view that there is insufficient demand for interstate trade on the intersecting streams to warrant the development of a trading framework. Over the past water year, there has been no increase in demand for trade in this region and therefore the NSW's position has not changed. Both states will continue to monitor demand and review the possibility of establishing trade accordingly. NSW will continue to discuss this with the MDBA as required. **Trade closures in the Southern Connected Basin** In the past water year, NSW has taken steps to remove early trade closure dates relating to inter-valley trade in the Murrumbidgee Water Sharing Plan. **Once amended, milestone D2 will be achieved for this matter**. Interstate trade closure dates will not to be amended from 30th April, as this protects against third party impacts. NSW provided notification to the MDBA under Clause 12.19 of the Basin Plan on this matter in 2014 and **thus considers milestone D2 to be achieved specific to this matter.** In June 2018, NSW prepared a public paper on the Murrumbidgee Intervalley Trade (IVT) account, explaining its rules and operation and detailing the reasons for the upper and lower limits and trade closure dates. This paper aims to improve transparency of the IVT framework. NSW notes that these priority issues have been discussed informally with the MDBA on numerous occasions. To formally resolve each matter, NSW intends to provide written correspondence to the MDBA within the 2018/19 water year.
	D3b) Confirmation of the removal of volumetric or other barriers to permanent trade out of water irrigation areas that are inconsistent with the Basin Plan water trading rules. DAWR guidance - reporting may include: – Please advise if any new restrictions have been introduced. The intention is to ensure that all barriers to permanent water trade have been resolved prior to the conclusion of the NPA, or else it has been agreed the issue is not material to Basin water reform. If the status of any matter has not changed since 2016-17 reporting, this will suffice as the response.	**D3b) Confirmation of the removal of trade barriers out of water irrigation areas** NSW has met this milestone and is actively working to resolve an inconsistency in the conversion factor for the permanent trade from the Peel to the Lower Namoi. NSW is now undertaking detailed modelling, and upon confirmation of the final conversion factor, NSW will request the MDBA to make a declaration under the Basin Plan C. 12.22, which will achieve compliance for this milestone at that time. Details of the inconsistency and actions taken by NSW are below: The conversion factor for permanent trade from the Peel to the Lower Namoi was reviewed by NSW Government based on MDBA advice that it may be inconsistent with the Basin Plan. • Over the past water year NSW has been reviewing the conversion factor for permanent surface water trade from the Peel to the Lower Namoi regulated water sources, to ensure that it accurately reflects transmission losses and is therefore compliant with the Basin Plan trading rules. • Preliminary modelling was undertaken and presented to the Stakeholder Advisory Panel for the Namoi and Peel Water Resource Plans. • NSW Government is now undertaking detailed modelling. • Upon confirmation of the final conversion factor, NSW will request the MDBA to make a declaration under Basin Plan Cl. 12.22 in order to achieve Basin Plan compliance. **Advice on new restrictions** NSW has not introduced new restrictions on the trading of water access entitlement or allocation within the last water year
D4 NWI-consistent surface water entitlements *Applicable to NPA 6e*	**D4** Confirmation that surface water entitlements in regulated systems are consistent with clauses 28 to 32 of the NWI, unless where otherwise agreed by the Commonwealth.	**D4) NWI Consistent Surface Water Entitlements** NSW has met this milestone. NSW confirms that entitlements in regulated surface water systems are consistent with clauses 28 to 32 of the National Water Initiative, unless where otherwise agreed. In relation to trade, water access entitlements are able to be traded, consistent with Clause 31(iii) of the National Water Initiative Agreement 2004.
Information and reporting requirements		
D5 Provide information on water access rights and water trade rules. *Applicable to Schedule 12, Matter*	**D5a)** Has the Basin State made any changes to the water access rights displayed on the MDBA's Water Market products page? If so what documentation has been provided to the MDBA with the updated information as required under s12.43?	**D5 Provide Information on Water Access Rights and Water Trade Rules** NSW has met this milestone. Compliance is outlined in responses below provided for D5a and D5b. **D5a**) **Any changes to the water access rights displayed on the MDBA's Water Market products page?** NSW has met this milestone as we have not made any changes to the water access rights displayed on the MDBA's Water Market products page in

16 and BPIA 31.1	**D5b)** Has the Basin State implemented any new trade rules that regulate the trade of tradable water access rights? If so have they provided these rules to the MDBA as required under s12.46?	2017/18. Changes are updated in the MDBA Water Markets Produce Information webpage: https://www.mdba.gov.au/managing-water/water-markets-trade/water-markets-product-information **D5b) Any new trade rules?** NSW has met this milestone as have not implemented any new trade rules that regulate the trade of tradable water access rights during 2017-18. Up to date information on dealing rules in NSW Water Sharing Plans can be found on the MDBA Basin State Water Trading Rules webpage: https://www.mdba.gov.au/managing-water/water-markets-trade/basin-state-water-trading-rules
D6 Report trade prices *Applicable to Schedule 12, Matter 16 and BPIA 31.2*	**D6** Has the Basin State sold water in the previous year? If so, did they notify the approval or registration authority of the price agreed for the trade?	**D6) Report Trade Prices** NSW met this milestone for 2017-18. NSW sold water during 2017-18. All water sold by NSW followed the standard procedure administered by the approval authority, WaterNSW, including notification of all trades and the requirement on the seller to include the price of the trade. The notification either occurred directly from the NSW agency involved or via brokers who submitted the forms on behalf of the NSW agency. All trade information is currently available online via the NSW Water register. https://waterregister.waternsw.com.au/water-register-frame

E. Sustainable diversion limits

Reporting Matter	Reporting Requirement (Supporting evidence to be provided by Basin States)	Response (response/milestone achievement/compliance status)
E1 Provide advice of actions undertaken to support Commonwealth measures to acquire water for environmental purposes. *Applicable to NPA 6c*	**E1** Confirmation that no action has been taken to impede Commonwealth measures to acquire water for environmental purposes, except where consistent with the Basin Plan water trading rules. DAWR guidance - reporting may include: – Where further water recovery is required to Bridge the Gap, provide evidence of support for Commonwealth measures to acquire water for environmental purposes, such as actions to support Commonwealth funded infrastructure programs and strategic water purchases. – Where support was not provided for a water recovery program, please provide an explanatory statement. – Reporting is only required in cases where further water recovery is required and water recovery programs have not achieved their water recovery targets. – Evidence of support that state led (Commonwealth funded) projects have been managed in way that supported the recovery of water.	**E1 Advice of actions undertaken to support Commonwealth measures to acquire water for environmental purposes** NSW met this milestone for 2017/18 through the following activities: ● NSW provided assistance in obtaining a valuation of the Tandou property. This helped to facilitate the Commonwealth's strategic purchase of 22 GL LTAAEL of entitlement in the Lower Darling, associated with the broader structural adjustment negotiated by the Commonwealth. ● NSW continues to assist the Commonwealth when requested in their considerations regarding future potential structural adjustment. ● NSW also supported water recovery across the Basin via State Priority Projects. Basin Pipes has returned 7.5GL to date, with an additional 4.7GL (12.2GL total) by end of project on 30 June 2019. Irrigated Farm Modernisation has returned 6,606 ML during 2017/18. An additional 300 ML is possible by the end of the program on 30 June 2019, pending planning approvals required for the identified project. ● The NSW Water Reform Action Plan includes measures and actions that support the better management of environmental water in the Basin.

F. Implementation of Constraints Management Strategy

Reporting Matter	Reporting Requirement (Supporting evidence to be provided by Basin States)	Response (response/milestone achievement/compliance status)

F1: Develop constraint management proposals. *Applicable to NPA 7, BPIA 14.2*	**F1** Describe progress in the further development of the Ministerial Council agreed package of constraints proposals and in addressing issues identified in the phased assessment process.	**F1 - Develop Constraint Management Proposals - progress in further development of agreed package** NSW met this milestone for 2017-18 through the following activities: • Prepared confirmation statements for all NSW constraints projects (except the Lower Darling, which will be progressed as part of community consultation the broader Menindee Lakes Reconfiguration project). These were approved by BOC as follows: o Hume to Yarrawonga constraints measure - BOC 54, 12 October 2017 o Yarrawonga to Wakool constraints measure - BOC 56, 24 November 2017 (DRAFT confirmation statement) o Murrumbidgee key focus constraints measure - BOC 56, 24 November 2017 • Engaged in bilateral discussions to assist other jurisdictions in finalising their constraints measures proposals confirmation statements. • Currently finalising the NSW assessment of the Goulburn constraints proposal. NSW is working with other jurisdictions to ensure business case issues which are largely consistent across all assessments by other jurisdictions can be addressed.
	F2 Describe progress towards the successful implementation of constraints measures by 2024, including coordinated cross-jurisdictional activities and community involvement, to enable flow rates of up to 80,000ML per day at the South Australian border.	**F2 – Develop Constraint Management Proposals - progress towards successful implementation of constraints measures** NSW has met this milestone for 2017-18 through a number of activities. It is noted that progression of NSW constraints measures is currently subject to discussions to agree on funding from the Australian Government for pre-construction activities. • NSW has commenced preparation of its funding proposal to the Commonwealth to seek funding for pre-construction activities. This will enable establishment of project teams, communication and engagement activities, project management and resolution of issues identified in the Phase 2 assessment of projects, including refinement of costs and technical and operational issues, development of detailed designs, commencement of approvals processes. • It is anticipated that substantial progress can be made on NSW constraints projects once this funding has been agreed and provided. • Even though Commonwealth funding has not been provided, NSW is investing in additional project management, coordination and stakeholder engagement capabilities to progress these projects. • NSW has been working to progress the Gwydir Constraints proposal through the Northern Basin Review process and expects to lodge the business case in late 2018. • The NSW Parliament passed the *Water Management Amendment Bill 2018* in June 2018, which contains provisions that will assist Government in making environmental water releases. This amendment included provisions to develop a landholder negotiation framework. This framework will be developed to facilitate negotiations between affected landholders and government relating to proposed environmental water releases to ensure a consistent, fair and transparent process. • NSW participated in all Constraints Management Working Group (CMWG) meetings and provided valuable input into discussions and outputs of this group. The CMWG was tasked by BOC in November 2017 to deliver an integrated work plan consistent with COAG commitments - this is currently in progress.

G Critical Human Water Needs

Reporting Matter	Reporting Requirement (Supporting evidence to be provided by Basin States)	Response (response/milestone achievement/compliance status)
G1 Consider the water available for critical human water needs before allocating water to other uses. *Applicable to BPIA 27.1*	**G1** The MDBA will provide New South Wales, Victoria and South Australia with Water Resource Assessments, from which the States make decisions about allocations. Assessments will be provided at least monthly, and more frequently if conditions warrant.	**G1 Water Available for Critical Human Water Needs** NSW met this milestone as timely resource assessment information for the NSW Murray was provided by the MDBA. • NSW was able to make decisions made about allocations, ensuring there was water available for critical human needs if required. • As it eventuated, there were no critical water shortage situations in the Murray in 2017-18. Potential critical water shortages in the Lower Darling have also been assessed and are currently being addressed.
G2 Make decisions on allocations. *Applicable to BPIA 27.2*	**G2** During periods of Tier 3 water sharing arrangements, the MDBA will provide the Ministerial Council with Water Resource Assessments, from which New South Wales, Victoria and South Australia make decisions about allocations when determining if water can be made	**G2 Make Decisions on Allocations** NSW met this milestone as there were no Tier 3 arrangements in 2017/18. Sharing remained in Tier 1. • Specifically there were no periods of T3 water sharing arrangements in the NSW Murray during 2017/18.

	available for uses other than critical human water. Assessments will be provided at least monthly, and more frequently if conditions warrant. A Basin State must have regard to advice from the Authority regarding the volume of water to be made available to it in a particular year, when making decisions about whether water is made available for uses other than meeting critical human water needs (s11.08(3)).	
G3 Determine whether the trigger is reached and Tier 3 applies. *Applicable to BPIA 28.1*	**G3** The MDBA, through the preparation of the Water Resource Assessment will determine if the appropriate conditions apply. If New South Wales, Victoria or South Australia considers the triggers have been reached, its BOC member should advise the Executive Director, River Management Division, MDBA. The Guideline for triggers and processes for changing water sharing Tiers provides more information on how the MDBA will communicate a change in water sharing arrangements to the Basin States, CEWH and the Department. Please indicate if a trigger was reached and what action was taken to implement water sharing arrangements.	**G3 Determine whether the Tier 3 trigger is reached** NSW met this milestone as no subject triggers were reached during 2017-18 water year.

H Water Resource Plans

Reporting Matter	Reporting Requirement (Supporting evidence to be provided by Basin States)	Response (response/milestone achievement/compliance status)
H1 Develop water resource plans for accreditation *Applicable to overall NPA assessment and BPIA 24.1*	**H1** This reporting is optional. Basin states may choose to comment on their progress where this differs, or is expected to differ, from the most recent MDBA quarterly report on WRP development Progress with the development of water resource plans for accreditation is currently being reported by the MDBA, through quarterly jurisdictional reports to the Basin Plan Implementation Committee and DAWR will rely on reporting through BPIC. States only need to report where they wish to add further detail or clarification. Applicable to overall NPA assessment of progress as flagged in the 2016-17 NPA assessment.	**H1 Develop water resource plans for accreditation** NSW is making progress towards the development of Water Resource Plans (WRPs) during the 2017-18 water year. An outline of this is provided below: • There are 20 WRPs to be delivered by NSW with 31 NSW-based water sharing plans. NSW continues to invest substantial effort in water planning, including resolving outstanding policy issues as set out above. • NSW is working collaboratively with the MDBA to progress WRPs, maintain transparency of the work remaining to complete all WRPs and manage the risk that NSW may not meet the deadline for Commonwealth accreditation of all WRPs. • Stakeholder Advisory Panels are in place for 19 of the 20 WRPs (a SAP has not been established for NSW Intersecting Streams), including the establishment of a statewide Stakeholder Advisory Panel for the 11 Groundwater WRPs. The Intersecting Streams WRP has a very small number of users in the system and does not have a Stakeholder Advisory Panel. • NSW has developed a culturally appropriate process for consulting with First Nations across the Basin area. Consultation with the Gomeroi Nation was completed in April 2018, and the other Nations in the Basin area will be consulted in the development of WRPs in late 2018.

Attachment A: B4 - Basin Environmental Watering Priorities (BAEWP) for reference in reporting why watering not undertaken in accordance, under BPs8.44

The table below provides a reference for exception-based reporting under BPs8.44 at sB4b of this annual reporting template. The table lists Basin annual environmental watering priorities for 2017-18 and the relevant jurisdiction.

Themes	**Basin annual environmental watering priorities for 2017-18** (further details of the priorities are located in the report 'Basin environmental watering priorities – Overview and technical summaries – 30 June 2017' https://www.mdba.gov.au/sites/default/files/pubs/e-water-priorities-2017-18.pdf	**Relevant jurisdiction**
Fish	1. (FISH) **Southern Basin**: Support Basin-scale population recovery of native fish by reinstating flows that promote key ecological processes across local, regional and system scales for the southern connected Basin.	NSW, Vic, SA, CEWH and TLM
	2. (FISH) **Barwon–Darling**: Improve flow regimes and connectivity to maximise the ecological function of the Barwon–Darling river system for native fish.	NSW, Qld and CEWH
	3. (FISH) **Whole of Basin**: Support viable populations of threatened native fish and maximise opportunities for range expansion and the establishment of new populations.	NSW, Vic, Qld, SA, ACT, CEWH and TLM
Waterbirds* *See Notes for relevant waterbird management strategy 3-8*	4.a (BIRD) Narran Lakes: Improve the abundance and diversity of the Basin's waterbird population by using the following waterbird management strategies: 3, 4, 5 and 7 [moderate water resource availability scenario]*	Qld, NSW and CEWH
	4.b (BIRD) Gwydir Wetlands: Improve the abundance and diversity of the Basin's waterbird population by using the following waterbird management strategies: 3 and 6 [wet water resource availability scenario]*	NSW and CEWH
	4.c (BIRD) Macquarie Marshes: Improve the abundance and diversity of the Basin's waterbird population by using the following waterbird management strategies: 3, 6 and 7 [wet water resource availability scenario]*	NSW and CEWH
	4.d (BIRD) Booligal Wetlands: Improve the abundance and diversity of the Basin's waterbird population by using the following waterbird management strategies: 3, 7 and 8 [very wet water resource availability scenario]*	NSW and CEWH
	4.e (BIRD) Great Cumbung Swamp: Improve the abundance and diversity of the Basin's waterbird population by using the following waterbird management strategies: 3, 7 and 8 [very wet water resource availability scenario]*	NSW and CEWH
	4.f (BIRD) Lake Brewster: Improve the abundance and diversity of the Basin's waterbird population by using the following waterbird management strategies: 3, 7 and 8 [very wet water resource availability scenario]*	NSW and CEWH
	4.g (BIRD) Fivebough Swamp: Improve the abundance and diversity of the Basin's waterbird population by using the following waterbird management strategies: 7 [wet water resource availability scenario]*	NSW and CEWH
	4.h (BIRD) Lowbidgee Floodplain: Improve the abundance and diversity of the Basin's waterbird population by using the following waterbird management strategies: 3, 6 and 7 [wet water resource availability scenario]*	NSW and CEWH
	4.i (BIRD) Gunbower-Koondrook-Perricoota: Improve the abundance and diversity of the Basin's waterbird population by using the following waterbird management strategies: 3, 6 and 7 [wet water resource availability scenario]*	NSW, Vic, CEWH and TLM
	4.j (BIRD) Kerang Wetlands: Improve the abundance and diversity of the Basin's waterbird population by using the following waterbird management strategies: 3, 6 and 7 [wet water resource availability scenario]*	Vic and CEWH
	4.k (BIRD) River Murray & Euston Lakes: Improve the abundance and diversity of the Basin's waterbird population by using the following waterbird management strategies: 7 [wet water resource availability scenario]*	NSW, Vic, CEWH and TLM
	4.l (BIRD) Darling Anabranch: Improve the abundance and diversity of the Basin's waterbird population by using the following waterbird management strategies: 7 [moderate water resource availability scenario]*	NSW, CEWH and TLM
	4.m (BIRD) Lindsay-Walpolla-Chowilla: Improve the abundance and diversity of the Basin's waterbird population by using the following waterbird management strategies: 7 [wet water resource availability scenario]*	SA, NSW, Vic, CEWH and TLM
	4.n (BIRD) Barmah–Millewa: Improve the abundance and diversity of the Basin's waterbird population by using the following waterbird management strategies: 3, 6 and 7 [wet water resource availability scenario]*	NSW, Vic, CEWH and TLM
	4.o (BIRD) Corop Wetlands: Improve the abundance and diversity of the Basin's waterbird population by using the following waterbird management strategies: 7 [wet water resource availability scenario]*	Vic and CEWH
	4.p (BIRD) Pyap Lagoon: Improve the abundance and diversity of the Basin's waterbird population by using the following waterbird management strategies: 7 [wet water resource availability scenario]*	SA and CEWH
	4.q (BIRD) Hattah Lakes: Improve the abundance and diversity of the Basin's waterbird population by using the following waterbird management strategies: 3, 6 and 7 [wet water resource availability scenario]*	Vic, CEWH and TLM
	4.r (BIRD) Lake Buloke: Improve the abundance and diversity of the Basin's waterbird population by using the following waterbird management strategies: 7 [wet water resource availability scenario]*	Vic and CEWH

	4.s (BIRD) Coorong: Improve the abundance and diversity of the Basin's waterbird population by using the following waterbird management strategies: 3, 6 and 7 [wet water resource availability scenario]*	SA, CEWH and TLM
	4.t (BIRD) Other Sites: Improve the abundance and diversity of the Basin's waterbird population.	NSW, Vic Qld, SA, ACT, CEWH and TLM
Vegetation	5. (VEG) **Whole of Basin**: Enable recruitment of trees and support growth of understorey species within river red gum, black box and coolibah communities on floodplains that received overbank flooding during 2016 by inundating the floodplains again.	NSW, Vic Qld, SA, ACT, CEWH and TLM
	6. (VEG) Barmah–Millewa Forest: Improve the condition and extent of Moira grass in Barmah–Millewa Forest. Refer to table 6 of the Identifying which priority to employ will depend on the resource availability scenario as set out in **Table 6** of the '**Basin environmental watering priorities – Overview and technical summaries – 30 June 2017**' report. [wet water resource availability scenario]	NSW, Vic, CEWH and TLM
Flows and connectivity	7. (FLOW) Coorong, Lower Lakes and Murray Mouth: Improve connectivity between freshwater, estuarine and marine environments and improve habitat conditions in the Coorong by optimising and managing inflows through the Lower Lakes. Not all priorities are relevant in each water year. Identifying which priorities to employ will depend on the resource availability scenario, as set out in **Table 7** of the '**Basin environmental watering priorities – Overview and technical summaries – 30 June 2017**' report, and the condition of the Coorong, Lower Lakes and Murray Mouth. [wet water resource availability scenario]	SA, CEWH and TLM

*Note: Waterbird management strategies:

1. Avoid critical loss of foraging and roosting habitat *(note: N/A for 2017-18 priorities)*
2. Maintain foraging and roosting habitat *(note: N/A for 2017-18 priorities)*
3. Support naturally triggered breeding.
4. Maintain breeding habitat in 'event ready' condition.
5. Trigger and support small-to-moderate breeding events.
6. Trigger and provide ongoing support for small-to-moderate scale breeding across functional feeding groups.
7. Create a mosaic of wetlands habitat types.
8. Improve opportunities for large-scale breeding for colonial nesting waterbird