



**The Hon Niall Blair MLC**  
Minister for Primary Industries  
Minister for Regional Water  
Minister for Trade and Industry

OM18/271

Mr Craig Knowles  
Chair, Natural Resources Access Regulator Board  
PO Box 2000  
SYDNEY NSW 2000

Dear Mr Knowles,

The *Natural Resources Access Regulator Act 2017* enacted by the New South Wales Parliament in November 2017 signals a genuine commitment to address the longstanding challenges faced by successive governments in delivering effective and reliable water regulation for the people of New South Wales

Establishing the Natural Resources Access Regulator (the Regulator) is a key part of our water reform agenda and I am writing to the Board through you as its Chair. As the inaugural Board, you have the mandate to establish and deliver an effective, efficient, transparent and accountable compliance and enforcement regime for water management in New South Wales. The leadership of the Board must maintain public confidence in the enforcement of natural resources management legislation.

The Board's independent role is clearly set out in the legislation. However, there are many organisations, and other jurisdictions in the case of the Murray Darling Basin, with important roles in managing water and other natural resources in New South Wales. The Board will need to operate effectively in this context and, where the Regulator's role intersects with these organisations, work constructively through issues to facilitate their effective resolution.

As the responsible Minister, I will not be involved in the operational aspects of the Regulator, and will only be directing the Board when it is in the public interest, as set out in the legislation. Instead, I will focus on ensuring the Regulator is adequately resourced, is accountable and transparent to the public, and that all stakeholders and the Parliament are kept informed of the Regulator's progress.

I have high expectations of the Board to deliver its mandate, and believe the Regulator is uniquely placed to substantially lift the standard of natural resources regulation in New South Wales and to become a leading example of best-practice regulation to regulators across Australia. This letter outlines my expectations.

### **Ethics and governance**

As Ken Matthews AO states in his investigation into New South Wales water management and compliance, ethical practices are paramount in the delivery of water regulation and have been lacking. Adherence to clearly articulated ethical codes is necessary to delivering effective regulation. I expect the Board to not only set a high standard with a clear code of conduct that is communicated to all staff, but to ensure that staff adhere to these codes in their daily activities. The Board needs to lead by example and to ensure that any divergence from good ethics is swiftly and appropriately dealt with.

.../2

Good governance is the cornerstone of effective regulation and is underpinned by clear leadership and direction. I anticipate that the Board will prepare and oversee the implementation of a strategic plan that clearly articulates its vision, mission and operational priorities. I expect regular reports of progress against this strategic plan and the Board's actions and achievements in building the Regulator and I encourage you to raise with me any challenges to achieving the desired outcomes at the earliest opportunity.

### **Best practice regulation**

An essential component of best practice regulation is achieving a common understanding within government and the community of the rules and how they are enforced. I expect the Regulator to establish clear lines of communication with the Department of Industry Lands and Water division, as well as across government, to support a whole-of-government approach to water regulation and management.

I expect the Board to lead the task of setting enabling principles that are to be implemented by the Regulator. These should include a focus on innovation and quality of service.

These principles need to take effect through relevant protocols, policies and practices. These should be risk and outcomes-based and I expect them to be readily available to the public on the internet and enforced by the Regulator.

Enforcement actions need to be timely, fair and proportionate to the offence. Consistency in approach is important to ensure the integrity of any actions. I expect you to take appropriate action to address matters of non-compliance.

### **Stakeholder engagement**

The Board needs to ensure it hears, understands and acts on the issues and concerns of stakeholders in its delivery of best practice regulation. It needs to build and sustain positive relationships with a broad range of stakeholders, including local communities, irrigators, farmers, government agencies and the public.

A critical factor in building these relationships is fair and equitable opportunities for stakeholders to provide meaningful input. Transparency and access to information is also critical to restoring community confidence. The Board needs to ensure that there is visibility of the new arrangements and the availability of information and data on an ongoing basis.

### **Resourcing and financial management**

The NSW Government is increasing its investment in resources for the Regulator, both to employ additional staff and invest in new technology and systems for compliance management and surveillance.

While the government is committed to this increase in resourcing, I expect the Board to ensure any expenditure is prudent and efficient, so that there is no unnecessary increase in regulatory costs.

I am confident that if we move forward together on these priorities and deliver on our mutual expectations, we are well positioned to ensure effective and efficient water regulation is delivered to the people of New South Wales now and into the future.

Yours sincerely

A handwritten signature in blue ink, consisting of a large, stylized 'N' followed by a horizontal line and a small flourish.

27 FEB 2018

**The Hon Niall Blair MLC  
Minister for Primary Industries  
Minister for Regional Water  
Minister for Trade and Industry**