

Department of Planning and Environment


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Regulatory Impact Statement – Proposed regulations for joint private works schemes (Draft)

August 2023





Acknowledgement of Country

The Department of Planning and Environment acknowledges that it stands on Aboriginal land. We acknowledge the Traditional Custodians of the land and we show our respect for Elders past, present and emerging through thoughtful and collaborative approaches to our work, seeking to demonstrate our ongoing commitment to providing places in which Aboriginal people are included socially, culturally and economically.

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Executive summary

In regional communities, joint private works schemes (schemes) play an important role in managing private water supply, irrigation and drainage works and services for agricultural and domestic purposes. The *Water Management Act 2000* provides the current legislative framework for the regulation and governance of these schemes. As a result of historic legislation, there are currently 3 types of schemes under the *Water Management Act 2000*:

- private irrigation boards
- private drainage boards
- private water trusts.

In 2010, the *Water Management Amendment Act 2010* was introduced. The provisions relevant to schemes focused on improving clarity and due process, reducing administrative burden, and giving the schemes more authority to run their operations more smoothly. This framework was passed by the Parliament of NSW in December 2010. However, the Act has not yet commenced via proclamation. As part of the implementation of the *Water Management Amendment Act 2010*, new regulations for schemes are proposed.

To consider these new regulations, the NSW Department of Planning and Environment (the department) has prepared this Regulatory Impact Statement (RIS). The RIS identifies why the department needs to act and what it aims to achieve. It also assesses the costs and benefits of 2 options. These options are:

- Option 1 – Implement the *Water Management Amendment Act 2010* framework including new regulations that support the implementation of the Act framework
- Option 2 – Improve the administration of the existing *Water Management Act 2000* framework.

As part of the preparation of this RIS, the department assessed that in July 2023, there were:

- 12 private irrigation boards
- 71 private drainage boards
- 97 private water trusts.

The department has assessed Option 1 as being the preferred option. It involves:

- implementing the *Water Management Amendment Act 2010* and associated new regulations that impose some requirements on schemes, including the need to adopt internal governance rules and have an up-to-date works plan
- developing model rules and providing missing operational boundaries and maps to schemes to support the schemes' transition to the new arrangements
- establishing new processes and a team to implement the new government functions in relation to:

- the powers to issue a notice to a private water corporation or private water trust directing it to comply with or cease contravention of its internal governance rules
- issuing penalty notices
- approving private water corporations to charge for damage to works and unauthorised take of water.

The preferred option was determined through a largely qualitative assessment of the expected impacts on schemes and government. The multi-criteria analysis method was used to score both options in relation to the additional costs schemes and government would face under the option and the extent to which the option was expected to achieve the objectives of government action (i.e. the benefits of the option). Specifically, these objectives are to:

- reduce red tape and the need for the NSW Government to be involved in schemes
- increase flexibility for schemes to make rules that fit their circumstances
- better enable schemes to manage their operations and deal with breaches.

Table 1 summarises the multi-criteria analysis scores for Options 1 and 2.

Table 1: Summary of multi-criteria analysis results for Option 1 and 2

Multi-criteria analysis criteria	Weighting	Option 1 score	Option 2 score
Cost to schemes	25%	-5	-1
Cost to government	25%	-5	-5
Reduce red tape and the need for the NSW Government to be involved in these schemes	16.7%	8	4
Increase flexibility for schemes to make rules that fit their circumstances	16.7%	8	3
Better enable schemes to manage their operations and deal with breaches	16.7%	7	3
Total weighted score	100%	1.33	0.17

Option 1 is expected to cost more than Option 2. However, Option 1 is expected to deliver more flexibility in operations, reduced time delays, and lower financial risk. As well as improved transparency, accountability and succession planning for schemes.

The main benefit to the government is increased efficiency by removing inefficient approval requirements. This will happen by removing unnecessary approval steps, specifically the 10 to 12 applications each year from schemes. These applications are about changing by-laws, appointing new leaders (for example chairperson or office bearer) and the gazetting of changes to scheme' boundaries. The anticipated timeframe for the commencement of the legislation is late 2023.

1 Introduction

1.1 Purpose of the document

This Regulatory Impact Statement (RIS) has been prepared to consider proposed changes to the regulation of joint private works schemes (schemes) in NSW. Schemes are made up of neighbouring landholders and were created to manage private water supply and drainage works and services primarily for agricultural purposes. The RIS details options for modernising the arrangements applying to these schemes, including the implementation of the *Water Management Amendment Act 2010* framework and model rules.

The RIS assesses the costs and benefits of each option to identify a preferred option. As well as informing policy makers, the RIS gives interested parties an opportunity to provide any comments or feedback on the proposed changes.

This RIS has been prepared to satisfy the requirements of the *Subordinate Legislation Act 1989* and the NSW Government's *Guide to Better Regulation* (NSW Treasury 2019). This RIS builds on the initial consultation the department had with schemes and other stakeholders between September to July 2023. It also considers the 3 documents that were released to the public during that process. These documents are:

- An overview – Modernising regulations for joint private works schemes
- Proposed matters for regulations – Modernising regulations for joint private works schemes
- Draft model rules for joint private works schemes.

The *Guide to Better Regulation* requirements provide a formal framework to help policymakers think through the impacts of regulatory proposals in a disciplined and comprehensive way. This helps to ensure that policy decisions are based on best practice regulatory principles (outlined in Table 2) and credible evidence. The goal is to achieve improved policy outcomes for the community.

Better regulation principles

Principle 1: The need for government action should be established. Government action should only occur where it is in the public interest, that is, where the benefits outweigh the costs.

Principle 2: The objective of government action should be clear.

Principle 3: The impact of government action should be properly understood by considering the costs and benefits (using all available data) of a range of options, including non-regulatory options.

Principle 4: Government action should be effective and proportional.

Principle 5: Consultation with businesses and the community should inform regulatory development.

Principle 6: The simplification, repeal, reform or consolidation of existing regulations should be considered.

Principle 7: Regulation should be periodically reviewed, and if necessary reformed to ensure its continued efficiency and effectiveness.

All significant new and amending regulatory proposals require a RIS to demonstrate they meet the better regulation principles.

1.2 Consultation process

Interested individuals and organisations are invited to make a submission on any matter relevant to the proposed implementation of the *Water Management Amendment Act 2010* in relation to schemes, even if it they are not addressed in this RIS. We would like you to send your submission by email in an accessible format that is easy for everyone to use. Accessibility means making documents that can be easily understood by members of the public who might have difficulties such as visual, physical or cognitive impairment. More information on how you can make your submission accessible is available on the WebAIM website at webaim.org/techniques/word/.

Submissions can be made by:

- calling 1300 081 047
- emailing your written submission to: jpws@dpie.nsw.gov.au

The closing date for submissions is 30 September 2023.

Important note: release of submissions

All submissions will be available on the department's website. If you do not want your personal information included in your submission when it's published, you need to clearly mention it in your submission and explain why. Automatically generated confidentiality statements are not enough. Even if you ask us not to publish certain information, we might still have to release that information by law. For example, to comply with the *Government Information (Public Access) Act 2009*. The department is also required by law to give all submissions to the Legislation Review Committee of the Parliament of NSW.

Evaluation of submissions

The department will review each submission carefully. If necessary, we will amend the proposed implementation to address any relevant issues raised in the consultation process. If we need more information, we may consult with key stakeholders before finalising the implementation.

Implementation of the *Water Management Amendment Act 2010*

After the Minister for Water has finalised the regulations for schemes, the relevant parts of the *Water Management Amendment Act 2010* will commence and the changes to the legislative framework will be incorporated in the *Water Management Act 2000*. The regulations are made by the governor and will commence when published on the NSW legislation website or on a later date as specified in the regulation.

A notice will be published on the NSW Government website for online publication of legislation at www.legislation.nsw.gov.au. Information on how to access the Gazette is available on the NSW Parliamentary Counsel's Office website.

2 Background and context

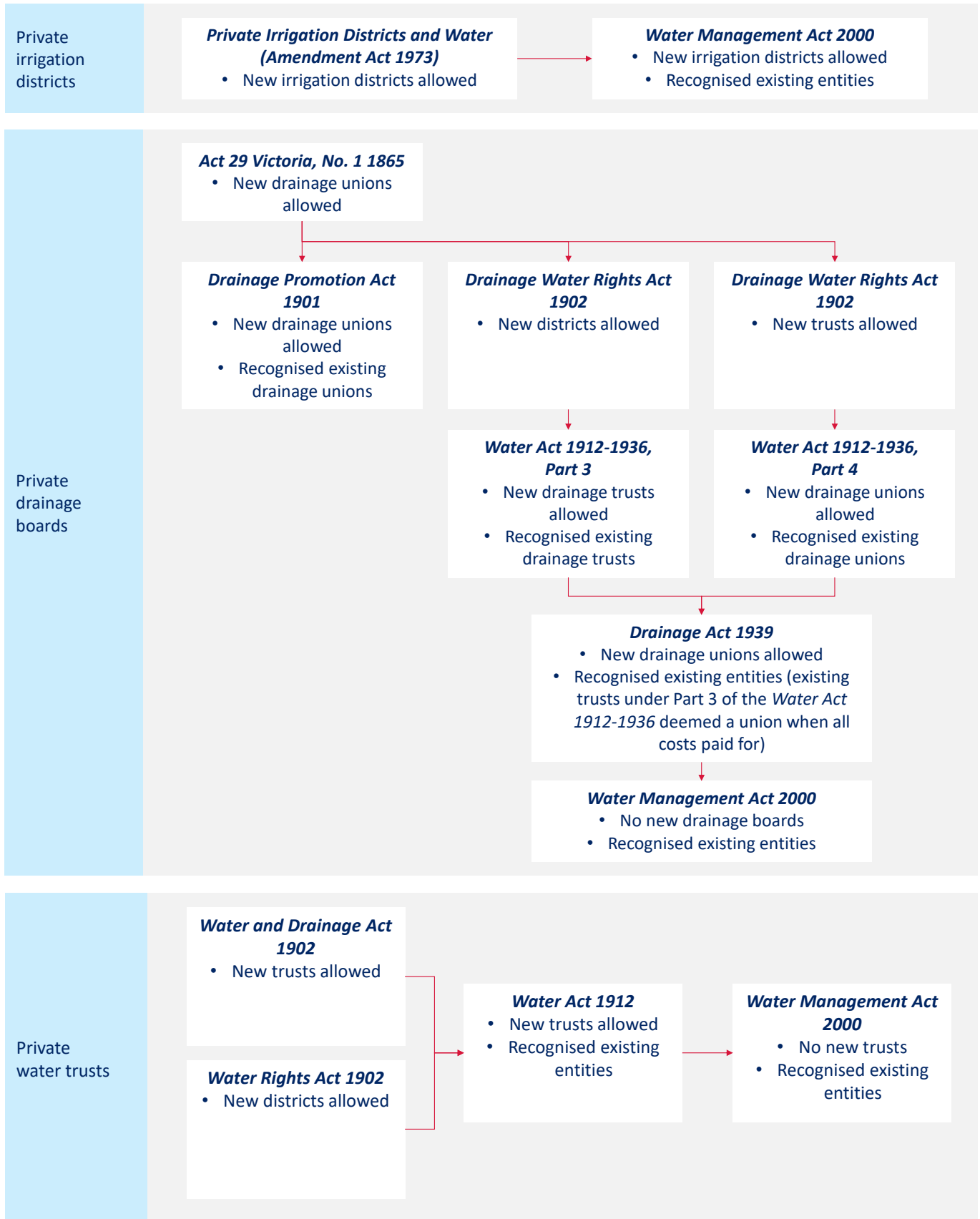
2.1 Historical regulation of joint private works schemes

Joint private works schemes have been around since the mid-1800s. They are groups of local communities who work together to manage shared water infrastructure and share the costs of water supply and land drainage for agricultural and domestic purposes. They focus on constructing and maintaining water related structures for the community. The government initially helped set up these schemes by creating laws, giving them authority and helping with infrastructure. As a result of historic legislation (outlined in Figure 1) there are currently 3 types of schemes under the *Water Management Act 2000*):

- private irrigation boards
- private drainage boards
- private water trusts.

Section 2.2 of this RIS provides detail on the responsibilities and operations of each of these scheme types.

Figure 1 | Overview of historical legislation evolution for the three scheme types



In 2010, the *Water Management Amendment Act 2010* was introduced. The provisions relevant to schemes focused on improving clarity and due process, reducing administrative burden, and

enhancing the powers available to schemes to run their schemes. This framework was passed by the Parliament of NSW in December 2010. However, the parts of the Act relevant to schemes have not yet commenced via proclamation.

2.2 Overview of current joint private water schemes

Each scheme type has different responsibilities. These are summarised in Table 3.

Table 3 | Overview of scheme responsibilities

	Private irrigation boards	Private drainage boards	Private water trusts
Governing body	Elected board of management	Elected directors of a drainage union	Members of the private water trust
Area of operations	Private irrigation district. This may be a: <ul style="list-style-type: none"> private water supply district private water supply and irrigation district 	Drainage district	Water supply district
Functions Note: each scheme is established with specific functions, which could include functions outlined here.	Construct, maintain and operate works supplying water for domestic and stock use, and for irrigation in certain circumstances. Supply water for domestic and stock purposes and for irrigation in certain circumstances (in keeping with the <i>Water Management Act 2000</i> and the <i>Private Irrigation Districts Act 1973</i>)	Construct and use work to drain land where: <ul style="list-style-type: none"> considerable quantities of water build up or flow because there are not enough works for drainage, flood prevention or to lessen the effect of tides the accumulation or flow harms the land (in keeping with the <i>Drainage Act 1939</i>). 	Maintain and administer works for water supply, water conservation, irrigation, or drainage. Construct and maintain flood works. Supply water for stock purposes, domestic purposes or for irrigation (in keeping with the <i>Water Management Act 2000</i> and the <i>Water Act 1912</i>).

Source: NSW Department of Planning and Environment, An overview – Modernising regulations for joint private works schemes, October 2022.

The schemes are usually small groups, with membership ranging from a few members to as many as 300 members. They serve the needs of their local landholders. They have a limited budget and very few or no paid employees. Each scheme has a group of elected directors (or members) who perform the administrative and operational work. Based on an assessment undertaken by the department in April 2023, NSW has:

- 12 private irrigation boards
- 75 private drainage boards
- 102 private water trusts.

2.3 Structure of the report

The rest of this RIS is structured in the following way:

- Section 3: explores the underlying problem and the need for government action
- Section 4: identifies the objectives of government action
- Section 5: describes the two options being considered
- Section 6: assesses the costs and benefits of the options, and applies a multi-criteria analysis
- Section 7: discusses the preferred option
- Section 8: sets out the implementation plan and evaluation approach for the preferred option.

3 Need for government action

The way these schemes are managed has not changed since they were first established in historical laws. This has created problems for both the schemes and the government, including process delays due to outdated requirements and a lack of clarity.

3.1 Outdated requirements and lack of clarity

The current legislative framework requires the minister and governor to exercise decision-making powers and administrative duties for schemes under the *Water Management Act 2000*. This includes exercising powers and duties concerning operational and administrative matters, such as approving changes to the scheme's boundaries and by-laws and appointing or replacing the chairperson. The reason the government has decision-making authority is because in the past, the government created them and gave them powers in legislation.

The department receives about 10 to 12 applications each year for schemes. These applications are for approvals related to changing by-laws, appointing new leaders (such as a chairperson or office bearer) and the gazetting of changes to scheme boundaries. Each application can take between 30 to 60 days, lasting from 4 to 12 months, depending on how complicated they are. These delays are due to limited internal resources, and some applications need a thorough internal legal review by the department. This is to make sure that they meet all requirements before they can be provided to the governor or the minister for approval. Joint private water schemes experience negative impacts from process delays.

3.2 Negative impacts from process delays

Long delays caused by needing the government's approval for administrative duties of the schemes can lead to negative impacts, including inadvertent non-compliance with the legislative requirements. For example:

- a private irrigation board sought to change its by-laws under the current arrangements in 2018. The private irrigation board has experienced significant time and cost burdens due to legal fees and repeated engagement with the department to ensure the amended by-laws could be approved under the current legislation. The proposed changes have been on hold more recently given the department is proposing to implement the *Water Management Amendment Act 2010*, resulting in the private irrigation board continuing to operate under its existing less efficient rules.
- a private water trust wanted to appoint a new chairperson according to the existing rules. As the process took so long, the trust unofficially appointed a chairperson so it could continue to operate.

3.3 The current legislation is no longer fit-for-purpose

The current legislation does not provide schemes with appropriate powers to run their operations effectively in certain situations. It also restricts the scope of what they can do in their by-laws. For example:

- a private irrigation board noted that it doesn't have the power to recover rates and charges other than through the courts. It is also required to continue to supply water to members who have not paid their rates and charges for at least 2 months. This has resulted in debts totalling hundreds of thousands of dollars. If the schemes take legal action to get back their debts under the current arrangements, it could lead to significant costs for them.
- some private drainage boards and private water trusts are also having difficulties recovering unpaid rates and charges. The only option they have to get back unpaid money is to go to court if their attempts to resolve the issue privately does not work.

3.4 Members face risks from insufficient transparency and accountability

Under the current arrangements, not all schemes are required to have internal administrative rules, specifically:

- private irrigation boards may make by-laws that are consistent with the regulations pending approval of the governor
- private drainage boards and private water trusts are not required to have internal governance rules.

In addition, although private irrigation boards are required to have by-laws, the current legislation is restrictive on the content of these by-laws.

This creates risks for members who are paying into a scheme that is not sufficiently accountable or following best practice corporate governance. There was a situation where a scheme did not hold any general meetings or communicate with its members on the operation of the scheme for several years. This made the scheme members unsure of their rights and processes to remove the chairperson, get important information and continue operating the scheme, that is including collecting rates and maintaining scheme assets.

4 Objectives of government action

The below three objectives were identified in relation to improving the regulation of joint private works schemes.

4.1 Reduce red tape and the need for the NSW Government to be involved in these schemes

The government's role in the administration and management of schemes should seek to reduce the delays that are currently experienced by these schemes.

4.2 Increase flexibility for schemes to make rules that fit their circumstances

Schemes should have the flexibility to make and amend their rules of administration and operation rather than relying on a set of prescribed rules that may not be fit for purpose for their specific circumstances. This recognises that schemes vary and are it's usually better for them to make key decisions on how they should operate based on their local knowledge rather than following a one-size-fits-all approach.

4.3 Better enable schemes to manage their operations and deal with breaches

Schemes should be able to set internal rules around matters such as the recovery of unpaid rates and charges and the ability for authorised people to enter private land to investigate suspected illegal activity. Schemes should also be able to charge for breaches such as damage to works and unauthorised take of water from a scheme's water management work. These powers would enable schemes to better manage their operations.

Schemes should also be able to implement conflict dispute resolution processes with their members. Members should be aware of their obligations and duties to the scheme and have corresponding rights to ensure that the scheme operates transparently and with accountability.

5 Options for government action

Two options have been identified that are designed to support the objectives of government action discussed in the previous section. The NSW Government's *Guide to Better Regulation* recommends that options for government action should include both regulatory and non-regulatory approaches (NSW Treasury 2019). The department has proposed a regulatory option and a non-regulatory option that are intended to meet the objectives.

The department invites interested individuals and organisations to provide submissions on the proposed options.

5.1 Base case

The base case, which reflects the status quo, is to maintain the current arrangements under the existing *Water Management Act 2000* and take no further action. The base case means any changes under the *Water Management Amendment Act 2010* would not be implemented.

The impacts of the two options considered are compared against the base case.

5.2 Option 1: Implement the *Water Management Amendment Act 2010* framework and associated new regulations

Option 1 is the regulatory option. It involves implementing the *Water Management Amendment Act 2010* framework including new regulations that support the implementation of the Act framework.

Private irrigation boards and private drainage boards would be renamed 'private water corporations' and private water trusts would remain unchanged unless they want to become a private water corporation. Current governance arrangements across the schemes would transition over, with major changes required for schemes to make and adopt internal governance rules and have an up-to-date works plan. The department would help support schemes to transition to the new Act provisions by developing model rules and providing missing operational boundaries and maps for the schemes. This will also include creating new processes and allocating resources to set up a team to carry out new government functions related to:

- issuing notices to a private water corporation or private water trust directing it to comply with or cease contravention to its internal governance rules
- issuing penalty notices
- approving private water corporations to charge for damage to works and unauthorised take of water.

A more detailed summary of the regulatory changes is presented in Appendix A.

5.3 Option 2: Improve the administration of the existing *Water Management Act 2000* framework

Option 2 is the non-regulatory option. It is designed to improve the administration of the existing legislative framework to increase clarity for schemes. Schemes would be provided with new forms, templates, and guidance on how to better comply with the current legislative framework.

To deliver these changes, the department would:

- consult with schemes to be better informed on the risks and benefits of the proposed administrative changes
- communicate the policy decision to continue with the *Water Management Act 2000* provisions to stakeholders and disseminate information to schemes
- analyse the legislative provisions and administration and identify improvements to business processes, forms, templates and guidance
- clarify the department's responsibilities, revise delegations and resource a central point of contact to service and manage schemes
- develop operational policies, procedures, forms and information for staff and schemes
- review the effectiveness of this policy approach over time
- seek approval to repeal the *Water Management Amendment Act 2010* framework (pending legal advice and ministerial support).

6 Assessment of the options

This section provides an assessment of:

- Option 1 (Implement regulations that support the *Water Management Amendment Act 2010*)
- Option 2 (Improve the administration of the existing *Water Management Act 2000* framework).

The assessment involved applying a multi-criteria analysis to consider the overall benefits and costs of the options (using criteria aligned with the government’s objectives identified in Section 5) compared to the current arrangements (that is the base case). The assessments were informed by information provided by the department and selected schemes.

6.1 Multi-criteria analysis

Method of assessment

The multi-criteria analysis method uses criteria, weighting and scoring approaches to rank and compare options. Each criterion is assigned a weight reflecting its importance to the policy reform and a weighted score is then derived for each option. The option with the highest score is the preferred option.

Criteria

Five criteria were used for the multi-criteria analysis (outlined in Table 4).

Table 4 | Overview of multi-criteria analysis criteria

Criteria	Description
Estimated cost to schemes	These are the additional costs to the schemes (private irrigation boards, private drainage boards and private water trusts) to ensure they meet the new requirements.
Estimated costs to the government	These are the additional costs for the department performing its regulatory requirements.
Reduce red tape and the need for the NSW Government to be involved in these schemes	This refers to benefits to schemes, the department and the NSW community from reduced red tape and the need for the NSW Government to be involved in the administration of schemes.

Criteria	Description
Increase flexibility for schemes to make rules that fit their circumstances	This refers to benefits to the schemes, the department and NSW community from increased flexibility for schemes to make rules that fit their circumstances.
Better enable schemes to manage their operations and deal with breaches	This refers to benefits to the schemes, the department and NSW community from enabling schemes to better manage their operations and deal with breaches.

Each option was scored on a scale from -10 to +10 relative to the base case. A score of zero reflects no change from the base case, whereas a positive score reflects a benefit and a negative score reflects a cost. The scale from -10 to +10 allows the relative performance of the options to be illustrated. For instance, a score of 10 indicates that an option is expected to have twice the impact of an option with a score of 5.

Summary of the multi-criteria analysis results

Table 5 presents a summary of the multi-criteria analysis results. The cost criteria (combined) and the benefits criteria (combined) were weighted equally at 50%.

Option 1 (implement new regulations) is preferred to the base case and to Option 2 (improved administration) as it achieves the highest weighted score (+1.33). While Option 2 also scores above zero (+0.17) and is therefore considered to be better than the base case, it is not preferred as it achieves a lower overall score than Option 1.

Table 5 | Summary of the multi-criteria analysis results

Multi-criteria analysis criteria	Weighting	Option 1	Option 2
Cost to schemes	25%	-5	-1
Cost to government	25%	-5	-5
Reduce red tape and the need for the NSW Government to be involved in these schemes	16.7%	8	4
Increase flexibility for schemes to make rules that fit their circumstances	16.7%	8	3
Better enable schemes to manage their operations and deal with breaches	16.7%	7	3

Multi-criteria analysis criteria	Weighting	Option 1	Option 2
Total weighted score	100%	1.33	0.17

The scores for each option, and their rationale, against each of the criteria are discussed in the following sections.

6.2 Criteria 1: Cost to schemes

Option 1

Schemes are expected to incur costs in regulatory areas, including:

- establishing internal governance rules
- developing and maintaining a current works plan that sets out all existing landholdings, works and proposed works.

An indicative assessment of the potential costs across these areas, based on anecdotes from a small number of stakeholders, is provided in Appendix B. The assessment of the impact on different schemes is based on the average indicative cost per scheme required to meet these requirements and the number of people that are involved. The analysis only quantitatively looked at the costs for the first year. Any additional expenses related to internal governance rules, work plans and landholdings over the next five year period was considered to be part of regular ongoing expenses.

Internal governance rules

The regulatory changes require all scheme types to have internal governance rules in place. Based on analysis and targeted consultations with a small number of schemes, it is understood that some schemes already have internal governance rules in place, while other schemes do not. The assessment identified:

- a few private irrigation boards have internal governance rules that could be transitioned with minimal additional work. These private irrigation boards would incur additional costs from the time spent by board members and general members reviewing their current rules and adopting them in a general meeting. The impact is expected to be low for these private irrigation boards.
- remaining private irrigation boards, private drainage boards and private water trusts are expected to incur additional costs from time spent on adapting the model rules. Board members and general members would need to spend time reviewing these new rules and adopting them in a general meeting. The impact is expected to be medium for private irrigation boards as they are more likely to use a lawyer and have a larger number of board members and general members involved in the process. This is expected to result in higher costs and more collective time spent. The impact is expected to be low to medium for private drainage boards and private water trusts, depending on whether a lawyer is required and the number of board members and general members that are involved.

Works plans and landholdings

Schemes are required to have an up-to-date works plan in place under Option 1. Analysis and targeted consultations with schemes and the department indicated that some schemes have existing works plans that are likely to meet the proposed requirements and other schemes do not. The assessment identified:

- schemes that have an up-to-date works plan that satisfies the new regulatory requirements are expected to incur costs reflecting the time needed for members and the board to review their existing works plan. Time would also be needed to adopt the works plan in a general meeting. The impact is expected to be low for schemes in this category.
- schemes that do not have an up-to-date works plan would need to update their work plans. These schemes would be provided with copies of missing boundary maps by the department to support them to update their works plan. These schemes would be expected to incur costs associated with updating their works plans and their members and the board reviewing the updated works plan. Time would also be needed to adopt the works plan in a general meeting. The impact is expected to be medium for schemes in this category.

In addition to updating their works plan, schemes would be required to maintain a copy of the current works plan in their office (or equivalent) and to send out a copy to members upon request. Stakeholders indicated that works plans would be maintained digitally and would be emailed to those members that request a copy. It is expected that most requests from members for a copy would be in the first 6 to 12 months following the implementation of the new regulations. The cost of doing this was noted to be low.

Summary of cost to schemes

Total costs were indicatively estimated to be around \$900,000 to \$1 million (in present value terms). Appendix B provides further details on the indicative analysis. Option 1 was given a score of -5 to reflect the estimated costs on the schemes. The cost analysis assumes that all schemes are operational. To the extent that some schemes are not currently operating, the total costs would be reduced.

Option 2

The costs to schemes are expected to result from the resourcing effort required to review any new operational policy documents or procedures issued by the department. Schemes may also be required to amend any internal processes or procedures in relation to applications for the changing of by-laws, appointment of the chairperson or office bearer and changing of their scheme boundaries.

These activities are captured in schemes' business-as-usual operations. As a result, the expected additional costs resulting from Option 2 are low given the intent of the additional guidance material is to make it easier for schemes to comply with the requirements. Therefore, a score of -1 was given.

Table 6 | Multi-criteria analysis criteria 1: Estimated cost to schemes

Multi-criteria analysis criteria	Option 1	Option 2
Estimated cost to schemes	-5	-1

6.3 Criteria 2: Cost to government

Option 1

The implementation of new regulations under Option 1 would create additional costs for the government. These costs relate to:

- the development and refinement of model rules to assist schemes to set up internal governance rules
- provision of records on missing operational boundaries and maps to help schemes develop their works plans
- training, process development, and resourcing costs in relation to new government functions under the regulatory regime.

A further detailed breakdown of these costs is provided in Appendix B. These costs were estimated to be \$1.2 million to \$1.3 million (in present value terms). This represents a higher cost to the government compared to the base case and was given a score of -5 as a result.

Option 2

The cost to the government under Option 2 covers:

- consultation with stakeholders
- developing new forms, templates, guidance processes and systems
- ongoing administration.

These costs were estimated to be \$1.4 million to \$1.5 million (in present value terms). This represents the additional cost compared with the base case and is like the cost of Option 1. Therefore, it was given a score of -5.

Table 7 | Multi-criteria analysis criteria 2: Estimated cost to the government

Multi-criteria analysis criteria	Option 1	Option 2
Estimated cost to the government	-5	-5

6.4 Criteria 3: Reduce red tape and the need for the NSW Government to be involved in these schemes

Option 1

Option 1 is expected to provide schemes with greater autonomy and powers to perform their functions. This means they would no longer require the approval of the governor or the minister for actions such as:

- changes to by-laws
- appointment of a new chairperson or office bearer
- gazetting of changes to scheme boundaries.

Option 1 is expected to result in the following benefits:

- Schemes would not have to spend time preparing applications and supporting documentations for the NSW Government to be involved in schemes' administration
- The NSW Government would need to spend less time and resources to approve and resolve applications from the schemes
- Schemes would no longer experience unnecessary delays waiting on approvals relating to their internal administration from the NSW Government.

However, the NSW Government would still need to be involved in some aspects of the schemes' administration in relation to:

- orders to comply with or cease contravention with internal governance rules
- issuing penalty notices
- powers of enforcement for damage to works and unauthorised take of water.

The quantified benefits from the schemes and the NSW Government no longer having to spend time on preparing and resolving applications are indicatively estimated to be \$900,000 to \$950,000 (in present value terms). Appendix B provides further details on the indicative analysis. As schemes are also expected to experience fewer unnecessary delays, this will lead to increased operational efficiency. The increased operational efficiency benefit has not been quantified. Option 1 was given a score of 8.

Option 2

Option 2 is expected to lead to reduced delays, as improved guidance would mean that schemes have better clarity on the information that they need to provide to the department in the first instance. Department staff would also spend less time reviewing and resolving applications. This would lead to fewer exchanges between schemes and the department, making the process of handling applications faster.

However, existing government approval administration under the current legislation would remain. Therefore, a score of 4 was assigned.

Table 8 | Multi-criteria analysis criteria 3: Reduce red tape and the need for the NSW Government to be involved in these schemes

Multi-criteria analysis criteria	Option 1	Option 2
Reduce red tape and the need for the NSW Government to be involved in these schemes	8	4

6.5 Criteria 4: Increase flexibility for schemes to make rules that fit their circumstances

Option 1

Option 1 develops clearer, simpler rules and regulations for managing schemes. Once implemented, schemes would have the ability to develop their own internal governance rules that could be tailored from a set of model rules provided by the department.

This would provide schemes with flexibility to create internal governance rules that fit their circumstances and help address any issues they may experience. For example:

- the new requirements can provide greater transparency and accountability. In the situation of the scheme without meetings and communication from the chairperson, members would have more scope to give themselves new powers in their new internal governance rules. These powers could include rights and processes to dismiss the chairperson and continue the operation of the scheme.
- formal governance rules and processes would also enable better succession planning and consistency in the way the entity operates. Under the current regulatory requirements, some schemes are handing down knowledge to new board members in an informal manner. Stakeholders noted this to be problematic in the long-term as new members joined schemes in the future through purchasing the landholdings and/or through inheritance.

Therefore, a score of 8 was assigned.

Option 2

Option 2 would involve developing operational policy documents to improve administration of the existing legislative framework. Once implemented, it is expected to make private irrigation boards more aware of what they can and cannot include in their current by-laws. This means that private irrigation boards would have increased clarity on the various options available to develop and/or structure their by-laws to fit their circumstances under the constraints of the current legislative framework. Therefore, while there is no actual increase in the flexibility provided by the legislation, there could be a practical increase in the flexibility available to some schemes as they would be better informed of the options available to them. On this basis, a score of 3 was assigned.

Table 9 | Multi-criteria analysis criteria 4: Increase flexibility for schemes to make rules that fit their circumstances

Multi-criteria analysis criteria	Option 1	Option 2
Increase flexibility for schemes to make rules that fit their circumstances	8	3

6.6 Criteria 5: Better enable schemes to manage their operations and deal with breaches

Option 1

Under Option 1, schemes would be able to better manage their operations as they would be provided with more autonomy than under the current legislative framework. Schemes would be able to set up additional processes to deal with recovering unpaid rates and charges such as the ability to charge security deposits. Private water corporations would also have the option to include powers to enter private lands and investigate suspected breaches of water agreements and charge for water taken illegally from the scheme’s water management works or damage to works if they receive approval from the minister. These powers would result in reduced financial risk for schemes.

In addition, schemes also expressed that the new regulations would make it easier for schemes to demonstrate its existence to external parties as formal documentation can be provided to lawyers or bankers in relation to the sale or purchase of landholdings covered under the scheme. This would enable them to improve the management of their operations.

On this basis, a score of 7 was assigned.

Option 2

Under Option 2, schemes would have better clarity on the practical application of the powers available under the legislation and the additional guidance material would support them to better manage their operations. Schemes would also be expected to have more clarity on their regulatory requirements, which would support greater levels of compliance. Both benefits would be expected to enable schemes to better manage their operations.

However, this option would not provide schemes with the underlying legislative instruments to manage other fundamental operations, such as:

- the recovery of unpaid rates and charges without going through the courts
- powers to deal with breaches of agreements or damage to works.

As a result, a score of 3 was assigned.

Table 10 | Multi-criteria analysis criteria 5: Better enable schemes to manage their operations and deal with breaches

Multi-criteria analysis criteria	Option 1	Option 2
Better enable schemes to manage their operations and deal with breaches	7	3

7 Preferred option

The preferred option is Option 1: Implement regulations that support the *Water Management Amendment Act 2010* framework. The benefits of this option are expected to contribute to the government objectives to:

- reduce red tape and the need for the NSW Government to be involved in these schemes
- increase flexibility for schemes to make rules that fit their circumstances
- better enable schemes to manage their operations and deal with breaches.

Option 1 involves implementing regulations under the *Water Management Amendment Act 2010*.

Private irrigation boards and private drainage boards would be renamed 'private water corporations' and private water trusts would remain unchanged unless they want to become a private water corporation. Current governance arrangements across the schemes would largely transition over, with major changes required for schemes to make and adopt internal governance rules and have an up-to-date works plan.

The implementation would be supported by the development of model rules and provision of missing operational boundaries and maps for the schemes to help transition. It would also involve the establishment of new processes and resourcing of a team in the department to oversee and enforce new government functions in relation to:

- issuing notices to private water corporations or private water trusts and directing them to comply with or cease contravention of their internal governance rules
- issuing penalty notices
- approving private water corporations to charge for damage to works and unauthorised take of water from the scheme's water management works.

A more detailed description of the regulatory changes is presented in Appendix A.

The changes under the preferred option would provide several benefits:

- greater autonomy and powers to schemes to perform their functions more efficiently, without needing to experience burdens and delays, with cost savings to both schemes and government
- reduced financial risk for schemes, by providing more flexible powers to recover rates and charges and improving the ability of schemes to transact with external parties
- improved transparency, accountability and succession planning by ensuring schemes have formal documentation that sets out key rights and obligations of the board and members and can be handed down formally.

8 Implementation and timeframe

8.1 Implementation timeframe

The new laws are expected to start in late 2023. After they start, a transition period of 12 months is proposed before they the new requirements for works plans and rules take effect. This allows the schemes to adjust.

The department initially proposed a transition period of 6 months. During consultations, stakeholders raised concerns about the proposed 6 month transition period, saying it might not be enough time to align with annual general meetings where they discuss administrative matters such as finalising internal governance rules. A 12 month transition period is now proposed. The department welcomes submissions and feedback regarding the proposed 12 month implementation timeframe. Through the transitional period, the department will actively help schemes understand and fulfill their obligations. This transition period is designed to address the varying administrative maturity levels of schemes and support the smaller schemes, particularly private water trusts and private drainage boards. The transition period would also allow the department to identify measures to efficiently carry out ongoing regulatory responsibilities.

8.2 Evaluation of actions

There are 3 main outcomes that the department intends to measure under the implementation of the proposed regulations to assess its impact.

Reduction in time and resources used to resolve administrative applications

This would be measured by the number of administrative-related applications received and the duration required for resolution. The target outcome is a reduction in the total number of administrative-related applications and less time used in resolving them. The outcome would determine whether any unnecessary burdens and delays currently experienced by schemes are appropriately addressed. It would also help to measure whether the government is saving time and resources that are currently applied to resolve these applications.

Level of regulatory compliance among schemes

The level of regulatory compliance among schemes would be evaluated through a compliance review. This compliance review would involve collecting information about the schemes and checking if, within a year of the new laws starting, they have adopted suitable rules. The compliance review will also make sure that schemes that are no longer functioning have been officially wound up.

Level of stakeholder confidence

Stakeholder confidence would be measured by surveying a proposed stakeholder advisory panel before the and after implementing the *Water Management Amendment Act 2010*. This proposed stakeholder advisory panel would include private water corporations (formerly private irrigation boards and private drainage boards) and private water trusts. The goal is to improve stakeholder sentiment by 30%. This assessment would help inform if scheme members believe their schemes are operating more transparently and with better accountability.

9 References

Australian Bureau of Statistics (2022) *Employee earnings*

Department of Communities and Justice (2021) *Attorney General's rates for Legal Representation*

NSW Treasury (2019) *NSW Guide to Better Regulation, Policy and Guidelines Paper TPP 17-03*

NSW Treasury (2023) *NSW Government Guide to Cost-Benefit Analysis TPG23-08*

10 Appendix A – Summary of legislative changes under the *Water Management Amendment Act 2010* and proposed regulations

Scheme transition

Private irrigation boards and private drainage boards would automatically transition into private water corporations as part of the legislation. Private water trusts remain the same unless they want to become a private water corporation. If a private water trust wishes to become a private water corporation, the legislation provides that the regulations may include details about this conversion. The proposed regulations would enable a trust to apply to the minister to convert to a corporation.

Scheme members

Existing members of current schemes would become members of the transitioned scheme upon conversion.

Board members or trustees

Private water corporations who have board members for more than 2 years would be required to re-elect them within 6 months of the transition. Otherwise, the tenure of the existing board would continue.

Internal governance rules

Schemes would need to make their own internal governance rules, which could be tailored from a set of model rules to be provided by the department and adopt them at a general meeting.

Powers of enforcement for damage to works and unauthorised take of water (private water corporations only). Authorised persons from private water corporations would gain the power to enter private land to investigate a suspected breach of irrigation, water supply, water distribution or drainage agreements. Private water corporations would also have the power to charge for water illegally taken from a scheme's water management works or for damage of works upon approval from the minister.

Works plans and landholdings

Schemes would be required to have an up-to-date works plan that includes all landholdings and works. As part of proposed regulations, schemes would need to adopt the works plan at a general meeting.

Rates and charges

Existing rates and charges would continue to apply at the time of transition until new rates and charges are fixed.

Rules

Order to comply with or cease contravention to internal governance rules – The minister would gain the power to issue a notice to schemes directing them to comply with or cease to contravene the rules of the schemes. Failing to comply would incur a tier 2 penalty, which could be imposed by the Local Court or Land and Environment Court pursuant to the current provision for proceedings of offences against the regulation. As part of the proposed regulations, this offence would be listed as a penalty notice offence, enabling a penalty notice to be issued.

Auditing of financial records

As part of proposed regulations, schemes would be required to have an auditor that holds current membership of a professional accounting body.

11 Appendix B – Indicative quantitative assessment

11.1 Methodology

Costs and benefits that are quantitatively assessed on an indicative basis using anecdotes received during the targeted consultation with a small number of schemes and information provided by departmental experts.

The quantified impacts have been calculated in present value terms using a 5% discount rate under the NSW Government's *Guide to Cost-Benefit Analysis* (NSW Treasury 2023). Where costs and benefits are one-off implementation impacts, these have been assumed to be incurred in the first year of the regulations and have not been discounted. Where costs and benefits are expected to be ongoing, these have been modelled as the present value over a 5 year timeframe in accordance with the *Subordinate Legislation Act 1989*.

As the analysis has drawn most of its data from anecdotal evidence and a small sample size of consultations, the figures are presented as indicative only and do not represent a full cost-benefit analysis.

Costs per scheme have been rounded to the closest \$100, while total costs and benefits have been rounded to the nearest \$1,000.

11.2 Overview of areas that were quantitatively assessed

Table 11 identifies the areas for Option 1 and 2 that were quantitatively assessed.

Table 11 | Overview of areas that were quantitatively assessed

	Option 1	Option 2
Costs	<ul style="list-style-type: none"> • Schemes • Internal governance rules • Works plans and landholdings • Government • Development and refinement of model rules • Provision of records on missing boundaries and maps • Training and process development costs in relation to new government functions • Resourcing for the new government functions over 5 years. 	<ul style="list-style-type: none"> • Schemes • Not available - No costs quantitatively assessed • Government • Consultation and engagement with schemes on the policy approach in Option 2 • Delivery of business process analysis and development of forms, templates, guidance processes and systems • Ongoing administration over 5 years.
Benefits	<ul style="list-style-type: none"> • Schemes • Reduction in applications for various administrative matters • Government • Reduction in applications for various administrative matters. 	<ul style="list-style-type: none"> • Schemes <ul style="list-style-type: none"> • Not available - no benefits quantitatively assessed • Government • Not available - no benefits quantitatively assessed.

11.3 General assumptions

Scheme board members and members have an average hourly cost of \$37. This rate is the most recent median hourly earnings for workers in agriculture, forestry and fishing, as of August 2022 from the Australian Bureau of Statistics. Since the time commitment for board members and members is not extensive and usually happens only once, it's assumed there won't be any extra costs or overheads to meet these requirements.

Lawyers hired by schemes have an assumed cost of \$306.21 per hour. This cost is believed to be equivalent to the hourly rate by the Attorney-General's Department for a solicitor or junior counsel in 2021.

The government's costs and benefits were calculated through an estimation of how many hours employees of various pay grades in a specific department would need to work. Then, their hourly costs, which include salary, on-cost and overheads, were multiplied to get the total cost. This calculation was done for different areas of regulation and the costs were added up for each category.

11.4 Option 1

Cost to schemes

Table 12 provides the overall indicative total cost in 2023 dollars to all schemes from the 2 areas assessed. These costs were assumed to be incurred in the first year. As a result, they were not discounted and are also equivalent to the cost to all schemes in present value terms. Any costs that schemes incur in the following 5 year period in relation to internal governance rules and work plans and landholdings were assumed to be part of ongoing business-as-usual operations and were not quantified in Option 1.

Table 12 | Indicative total cost to all schemes (rounded to the nearest \$1,000)

Regulatory areas	Private irrigation boards	Private drainage boards	Private water trusts	Schemes total
Internal governance rules	\$133,000	\$248,000	\$248,000	\$629,000
Works plans and landholdings	\$37,000	\$113,000	\$167,000	\$317,000
Total cost in 2023 dollars to all schemes (equivalent to present value costs)	\$170,000	\$361,000	\$415,000	\$946,000

Table 13 and Table 14 provide a breakdown of the indicative costs across these 2 areas.

Table 13 | Indicative total cost for schemes to set up internal governance rules (rounded to the nearest \$1,000)

Internal governance rules	Private irrigation boards	Private drainage boards	Private water trusts
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Schemes with existing internal governance rules

Number of schemes	5	0	0
Total hours of effort from board members and general members per scheme	145	-	-
Total hours of effort from a lawyer per scheme	-	-	-
Cost per scheme in 2023 dollars (equivalent to present value costs)	\$5,400	-	-

Internal governance rules	Private irrigation boards	Private drainage boards	Private water trusts
Total cost in 2023 dollars (equivalent to present value costs)	\$27,000	\$0	\$0

Schemes without internal governance rules

Number of schemes	7	73	108
Total hours of effort from board members and general members per scheme	145	92	62
Total hours of effort from a lawyer per scheme	32	-	-
Cost per scheme in 2023 dollars (equivalent to present value costs)	\$15,200	\$3,400	\$2,300
Total cost in 2023 dollars (equivalent to present value costs)	\$106,000	\$248,000	\$248,000

Total cost to all schemes

Total cost to all schemes in 2023 dollars (equivalent to present value costs)	\$133,000	\$248,000	\$248,000
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Table 14 | Indicative total cost for schemes to meet the requirements for works plans (rounded to the nearest \$1,000)

Works plans and landholdings	Private irrigation boards	Private drainage boards	Private water trusts
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Schemes with up-to-date works plans

Number of schemes	10	37	12
Total hours of effort from board members and general members to review and adopt the works plan per scheme	73	20	6

Works plans and landholdings	Private irrigation boards	Private drainage boards	Private water trusts
Total hours of effort from board members and general members to send out the works plan to members upon request per scheme	2.5 (from 15 requests in the first year)	1.7 (from 10 requests in the first year)	0.8 (from 5 requests in the first year)
Cost per scheme to review and adopt the works plan and send out to members upon request in 2023 dollars (equivalent to present value costs)	\$2,800	\$800	\$300
Total cost to these schemes in 2023 dollars (equivalent to present value costs)	\$28,000	\$30,000	\$4,000

Schemes without up-to-date works plans

Number of schemes	2	36	96
Total hours of effort from board members and general members to update, review and adopt the works plan per scheme	113	60	46
Total hours of effort from board members and general members to send out the works plan to members upon request per scheme	2.5 (from 15 requests in the first year)	1.7 (from 10 requests in the first year)	0.8 (from 5 requests in the first year)
Cost per scheme to review and adopt the works plan and send out to members upon request in 2023 dollars (equivalent to present value costs)	\$4,300	\$2,300	\$1,700
Total cost to these schemes in 2023 dollars (equivalent to present value costs)	\$9,000	\$83,000	\$163,000

Works plans and landholdings	Private irrigation boards	Private drainage boards	Private water trusts
Total cost to all schemes			
Total cost to all schemes in 2023 dollars (equivalent to present value costs)	\$37,000	\$113,000	\$167,000

Costs to the government

Table 15 presents a breakdown of the indicative costs to the government for Option 1. The first 3 costs were assumed to be incurred in the first year and were not discounted, while the resourcing of the new government functions was assumed to be incurred over a 5 year period. These costs were sourced from the department's 2022 to 2023 charge-out figures and are inclusive of salary, on-costs and overheads.

Table 15 | Indicative total costs to the government (rounded to the nearest \$1,000)

Cost categories	Costs (2023 dollars)	Costs (present value)
<p>Development and refinement of model rules to assist schemes to set up internal governance rules. Assumed that these costs occur in the first year only and comprised of (rounded to the nearest \$100):</p> <ul style="list-style-type: none"> 1.0 FTE at Grade 7/8 with an indicative cost of \$165,000 0.4 FTE at director grade with an indicative cost of \$106,000. 	\$271,000	\$271,000
<p>Provision of records on missing boundaries and maps to help schemes develop their works plans (over an assumed 4 month period).</p> <p>Cost were assumed to occur in the first year only and was calculated based on a weekly fee-for-service cost provided by the NSW Public Works in the Department of Regional NSW.</p>	\$101,000	\$101,000

Cost categories	Costs (2023 dollars)	Costs (present value)
<p>Training and process development costs over a 2 week period in relation to the following new government functions:</p> <ul style="list-style-type: none"> • Orders to comply with or cease contravention to internal governance rules • Powers of enforcement for damage to works and unauthorised take of water. <p>Assumed that these costs occur in the first year only and comprised of (rounded to the nearest \$100):</p> <ul style="list-style-type: none"> • One day of effort for a Legal Officer at Grade 4 with an indicative cost of \$1,000 • 5 days of effort at Grade 7/8 with an indicative cost of \$4,300 • 20 days of effort at Grade 9/10 with an indicative cost of \$20,100 • 2.5 days of effort at Grade 11/12 with an indicative cost of \$2,700. 	\$28,000	\$28,000
<p>Resourcing for the new government functions (over a 5 year period). Assumed that these costs comprised of (rounded to the nearest \$100):</p> <ul style="list-style-type: none"> • 1.0 FTE at Grade 7/8 with an indicative cost of \$165,000 per annum; and • 0.1 FTE at Grade 11/12 with an indicative cost of \$20,800 per annum. 	\$929,000	\$804,000
Total costs to the government	\$1,329,000	\$1,204,000

Benefits to schemes

Table 16 presents a breakdown of the indicative benefits in 2023 dollars and present value terms to schemes from no longer having to apply to the NSW Government for various administrative matters.

Table 16 | Indicative quantified benefits to schemes from a reduction in the government’s involvement in administration (rounded to the nearest \$1,000)

Benefit categories	Benefits (2023 dollars)	Benefits (present value)
Reduction in applications to change by-laws over 5 years (assumed 2 applications a year)	\$263,000 (from an estimated saving of 80 hours of total lawyer time and 50 hours of total board member time per application)	\$228,000 (from an estimated saving of 80 hours of total lawyer time and 50 hours of total board member time per application)
Reduction in applications to appoint a new chairperson or office bearer over 5 years (assumed 3 applications a year)	\$2,000 (from an estimated saving of 4 hours of total board member time per application)	\$2,000 (from an estimated saving of 4 hours of total board member time per application)
Reduction of applications to gazette or change works plans over 5 years (assumed 7 applications a year)	\$5,000 (from an estimated saving of 4 hours of total board member time per application)	\$4,000 (from an estimated saving of 4 hours of total board member time per application)
Total benefits to schemes	\$270,000	\$234,000

Benefits to the government

Table 17 provides a breakdown of the indicative benefits in 2023 dollars and present value terms to the government from no longer having to resolve various administrative applications. These benefits reflect the estimated cost savings to the government, based on the department’s 2022 to 2023 charge-out figures inclusive of salary, on-costs and overheads.

Table 17 | Indicative quantified benefits to government from a reduction in the government’s involvement in administration (rounded to the nearest \$1,000)

Benefit categories	Benefits (2023 dollars)	Benefits (present value)
<p>Reduction in 2 annual applications to change by-laws over 5 years. Assumed that cost savings were derived from the reduction in the following effort required on a per annum basis (rounded to the nearest \$100):</p> <ul style="list-style-type: none"> • 20 days of effort for a Legal Officer at Grade 4 with an indicative cost of \$20,300 • 20 days of effort at Grade 7/8 with an indicative cost of \$17,200 • 10 days of effort at Grade 11/12 at an indicative cost of \$10,800. 	\$242,000	\$209,000
<p>Reduction in 3 annual applications to appoint a new chairperson or office bearer over 5 years. Assumed that cost savings were derived from the reduction in the following effort required on a per annum basis (rounded to the nearest \$100):</p> <ul style="list-style-type: none"> • 3 days of effort for a Legal Officer at Grade 4 with an indicative cost of \$3,000 • 30 days of effort at Grade 7/8 with an indicative cost of \$25,800 • 3 days of effort at Grade 11/12 at an indicative cost of \$3,300. 	\$161,000	\$139,000

Benefit categories	Benefits (2023 dollars)	Benefits (present value)
Reduction in 7 annual applications to gazette or change works plans over 5 years. Assumed that cost savings were derived from the reduction in the following effort required on a per annum basis (rounded to the nearest \$100): <ul style="list-style-type: none"> • 7 days of effort for a Legal Officer at Grade 4 with an indicative cost of \$7,100 • 70 days of effort at Grade 7/8 with an indicative cost of \$60,300 • 7 days of effort at Grade 11/12 at an indicative cost of \$7,600. 	\$375,000	\$325,000
Total benefits to government	\$778,000	\$673,000

Summary of quantified cost and benefits for Option 1

Table 18 and Table 19 summarises the indicative total quantified costs and benefits in 2023 dollars and present value terms respectively for Option 1. However, it should be noted that there are several benefits of Option 1 that have not been quantified (for more information, refer to Section 6 of this RIS report).

Table 18 | Indicative quantified costs and benefits in 2023 dollars for Option 1 (rounded to the nearest \$1,000)

	Quantified costs (2023 dollars)	Quantified benefits (2023 dollars)
Schemes	\$946,000	\$270,000
Government	\$1,329,000	\$778,000
Total	\$2,275,000	\$1,048,000

Table 19 | Indicative quantified present value costs and benefits for Option 1 (rounded to the nearest \$1,000)

	Quantified costs (present value)	Quantified benefits (present value)
Schemes	\$946,000	\$234,000
Government	\$1,204,000	\$673,000
Total	\$2,150,000	\$907,000

11.5 Option 2

Costs to the government

Table 20 breaks down the indicative total cost in 2023 dollars and present value terms to the government in relation to improving the administration of the existing legislation. The first 2 costs were assumed to be incurred in the first year and were not discounted, while the ongoing administration of the existing legislative framework was assumed to be incurred over a 5 year period. These costs were sourced from the department's 2022 to 2023 charge-out figures and are inclusive of salary, on-costs and overheads.

Table 20 | Indicative total cost associated with improving the administration of the existing legislation (rounded to the nearest \$1,000)

Activities	Costs (2023 dollars)	Costs (present value)
<p>Consultation and engagement with schemes on the policy approach in Option 2. Assumed that these costs occur in the first year only and comprised of (roundest to the nearest \$100):</p> <ul style="list-style-type: none"> • 0.15 FTE at Grade 9/10 with an indicative cost of \$29,000 • 0.15 FTE at Director grade with an indicative cost of \$39,800. 	\$69,000	\$69,000
<p>Deliver business process analysis and develop forms, templates, guidance processes and systems. Assumed that these costs occur in the first year only and comprised of (roundest to the nearest \$100):</p> <ul style="list-style-type: none"> • 0.15 FTE for a Legal Officer at Grade 4 with an indicative cost of \$29,200 • 0.25 FTE at Grade 7/8 with an indicative cost of \$41,300 • 0.25 FTE at Grade 9/10 with an indicative cost of \$48,300 • 0.5 FTE at Grade 11/12 with an indicative cost of \$103,900. 	\$223,000	\$223,000

Activities	Costs (2023 dollars)	Costs (present value)
Ongoing administration (over a 5 year period). Assumed that these costs comprised of (rounded to the nearest \$100): <ul style="list-style-type: none"> 1.25 FTE at Grade 7/8 with an annual indicative cost of \$206,300 0.3 FTE at Grade 11/12 with an annual indicative cost of \$62,300. 	\$1,343,000	\$1,163,000
Total cost to government	\$1,635,000	\$1,455,000

Summary of quantified cost and benefits for Option 2

Table 21 and

Table 22 summarises the indicative total quantified costs and benefits in 2023 dollars and present value terms respectively for Option 2. As noted, most of the costs and benefits have not been quantified. For more information on these costs and benefits, refer to Section 6 of this RIS report.

Table 21 | Indicative quantified costs and benefits in 2023 dollars for Option 2 (rounded to the nearest \$1,000)

	Quantified costs (2023 dollars)	Quantified benefits (2023 dollars)
Schemes	Not available – captured as part of business-as-usual activities	Not quantified
Government	\$1,635,000	Not quantified
Total	\$1,635,000	Not quantified

Table 22 | Indicative quantified present value costs and benefits for Option 2 (rounded to the nearest \$1,000)

	Quantified costs (present value)	Quantified benefits (present value)
Schemes	Not available – captured as part of business-as-usual activities	Not quantified
Government	\$1,455,000	Not quantified
Total	\$1,455,000	Not quantified