

# A. Entity responses

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As mandated in Section 64 of the *Auditor-General Act 2009*, the Queensland Audit Office gave a copy of this report with a request for comments to the Department of Regional Development, Manufacturing and Water.

We also provided a copy of the report to the following entities with an invitation to respond:

- Premier and Minister for the Olympics
- Minister for Regional Development and Manufacturing and Minister for Water
- Director-General, Department of the Premier and Cabinet
- Chief Executive Officer, Sunwater
- Chief Executive Officer, Seqwater.

This appendix contains their detailed responses we received.

The heads of these entities are responsible for the accuracy, fairness, and balance of their comments.



# Comments received from the Director-General, Department of Regional Development, Manufacturing and Water

Our ref: CTS 23886/21

30 November 2021

Mr Brendan Worrall  
Auditor-General  
Queensland Audit Office  
53 Albert Street  
BRISBANE QLD 4000

Email: QAO.Mail@qao.qld.gov.au

*BRENDAN*  
Dear Mr Worrall



Department of  
**Regional Development,  
Manufacturing and Water**

Thank you for email of 10 November 2021 regarding the proposed Queensland Audit Office's Performance Audit Report titled "Regulating dam safety".

The Department of Regional Development, Manufacturing and Water (the Department) acknowledges the findings and accepts the recommendations made within the report.

Based on discussion between our agencies during the conduct of the audit, the Department has already established a project team responsible for delivering on the actions we have identified to address the recommendations. As set out in the annexure to this letter, I am pleased to advise that implementation of those actions is well advanced and several recommendations have already been addressed.

Further, all referable dams owned by state entities are already included in a forward program of dam improvement upgrades. All dams due for upgrade in 2015 were completed on schedule and all dams due to be upgraded by 2025 are on schedule.

With an ongoing commitment to continuous improvement, I am confident that the actions being undertaken will contribute to effective regulatory outcomes for Queensland's referable dams, which include those owned by state entities as well as those owned by local government or privately by companies and individuals.

If you require any further information, please contact [redacted] who will be pleased to assist.

Yours sincerely

*Graham Fraine*  
Graham Fraine  
Director-General

Enc: Response to Recommendations Form

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## Responses to recommendations



### Department of Regional Development, Manufacturing and Water

#### Collecting and using information to regulate dam safety

Response to recommendations provided by Graham Fraine, Director-General, Department of Regional Development, Manufacturing and Water on 30 November 2021

Recommendation	Agree/ Disagree	Timeframe for implementation (Quarter and financial year)	Additional comments
<p>We recommend that the Department of Regional Development, Manufacturing and Water:</p> <ol style="list-style-type: none"> <li>improve the implementation and application of its regulatory framework and approach to dam safety to embed better compliance. This should include: <ul style="list-style-type: none"> <li>better understanding the level of non-compliance</li> <li>acting on non-compliance, using the full range of enforcement measures at its disposal to address serious or persistent non-compliance</li> <li>assessing its performance to determine outcomes</li> <li>adopting a continuous improvement approach.</li> </ul> </li> </ol>	Agree	Ongoing	<p>A dedicated project team has been established to implement the recommendations in the report.</p> <p>The department has reviewed compliance with all referable dam safety conditions to identify the overall level of compliance.</p> <p>All dams due for upgrade in 2015 were completed on schedule.</p> <p>All dams due to be upgraded in 2025 are on schedule.</p> <p>There is now regular internal reporting against dam safety conditions and an escalation pathway to address non-compliance, which is consistent with the department's overall framework for monitoring and enforcing compliance.</p> <p>The department will continue to develop and implement strategies to incorporate regulatory best practice to ensure dam owners are fulfilling their legislative responsibilities.</p>
<ol style="list-style-type: none"> <li>Revises the acceptable flood capacity guidelines, requiring dam owners to advise it how and when spillways scheduled for upgrade will be completed and report progress.</li> </ol>	Agree	November 2021	<p>The department has undertaken extensive consultation with stakeholders on the revised Guidelines on Safety Assessments for Referable Dams (formerly the Acceptable Flood Capacity guideline).</p> <p>The revised guidelines, now published on the department's website, reflect contemporary industry practice.</p> <p>The guidelines describe in detail the requirements for dam owners to provide annual reports on dam upgrades. This will enable the department to formally track progress.</p>



Recommendation	Agree/ Disagree	Timeframe for implementation (Quarter and financial year)	Additional comments
3. Reviews frequencies for conducting risk assessments and/or flood capacity for dams, particularly those conducted more than a decade ago that may have underestimated flood risk.	Agree	December 2021	<p>The department has reviewed the frequencies for conducting risk assessments, which has been subject to external independent review by an internationally recognised dam safety expert.</p> <p>The department has adopted frequencies for conducting risk assessments which align with contemporary industry practice (relevant guidelines produced by the Australian National Committee on Large Dams).</p> <p>For the four privately owned farm dams identified in the audit as not having formal flood capacity assessments conducted, capacity assessments for three have now been conducted. These RPEQ certified assessments show that the dams meet acceptable flood capacity and do not require upgrades.</p> <p>A safety review is currently being conducted for the fourth farm dam. Progress is being monitored and submission of a RPEQ certified report, which will include a capacity assessment, is expected mid December 2021.</p>
4. Maximises the engineering expertise available by adopting appropriate work processes, systems, and team structure to enable consistency across all areas of compliance.	Agree	June 2022	<p>The department is reviewing operation of the dam safety regulator team to optimise use of skills and capabilities.</p> <p>For example, work processes have been revised according to the third party accredited quality management system (ISO 9001:2016) procedures to improve compliance monitoring and to more consistently address non-compliance.</p> <p>This review will be complete in the second quarter of 2022.</p>

Recommendation	Agree/ Disagree	Timeframe for implementation (Quarter and financial year)	Additional comments
5. Revises and documents its process for selecting the number and priority of dam site audits to ensure it is reflecting industry good practice. This should balance the value of on-site inspections and face-to-face dialog with dam operators with the time needed to cycle through the audit population.	Agree	November 2021	<p>The department has engaged an independent dam safety expert to review the dam site audit program. The review recommended that audit prioritisation be adjusted to consider not only individual dams, but also the frequency of engagement with dam owners.</p> <p>The review confirmed that other aspects including frequency, detail and technical rigour involved, skills requirements of auditors and continuing on-site inspections are reasonable and comparable to other jurisdictions.</p> <p>For the 2022–2023 audit year and beyond, the dam safety regulator will adjust the audit priority so that 25 per cent of the portfolio of dam owners will be audited each year.</p>
6. Revises its risk factors to include consideration of a dam owners' capacity to pay, based on forward budgets and plans, when prioritising compliance activities for dam upgrades.	Agree	November 2021	<p>The revised Guidelines on Safety Assessments for Referable Dams clarifies that capacity to pay should not be considered as a factor when justifying a different timeframe within which a dam owner must upgrade a dam.</p> <p>All state-owned dam operators have a process in place to sequentially upgrade their dams.</p> <p>The Guidelines now require an annual upgrade project plan report (Rec 2) to be submitted to the department which will provide evidence of progress and a regulatory response mechanism, including evidence of financial provisioning by the dam owner to deliver the necessary upgrade.</p> <p>Evaluation of the project plan will include assessment of plan feasibility and capacity to deliver, which includes consideration of whether a dam owner has made future financial provision to deliver the upgrade.</p>
7. Better aligns the Referable Dams Register (which is its dam monitoring system) with the compliance outcomes needed, to ensure a more centralised and consistent way to accurately capture owners' compliance information.	Agree	July 2022	<p>The Referable Dams Register has been progressively improved since go-live in 2017.</p> <p>A project to enhance the register in line with this recommendation has commenced, including a system integrity update, new information management and reporting features, and optimised decision-making tools.</p> <p>Staged enhancements will be deployed at milestones leading up to project completion.</p>

Recommendation	Agree/ Disagree	Timeframe for implementation (Quarter and financial year)	Additional comments
8. Improves its records management processes and practices, including accurately documenting when inspections and reports are due and received.	Agree	July 2022	<p>Compliance monitoring processes and activities have been incorporated into the third party accredited Quality Management System.</p> <p>Records management processes will be progressively improved in conjunction with improvements to the Referable Dams Register (Rec 7), and development and implementation of the audit priority lists (Rec 5).</p>
9. Sets clear escalation thresholds and acts in a timely and effective manner to address identified non-compliance and record outcomes of enforcement.	Agree	November 2021	<p>Work processes, including escalation thresholds, have been developed and implemented to guide the regulator in addressing non-compliance in a timely manner.</p> <p>These processes are aligned with the department's compliance strategy, conform to ISO 9001:2016 accredited standards, and are subject to ongoing review and improvement.</p>