

General Manager

7 December 2020

Our Ref: E17/1069

Dear Member

**SUBJECT: OPERATION AVON REPORT**

I am pleased to advise, for your information, that the Commission's report on its *Investigation into complaints of corruption in the management of water in NSW and systemic non-compliance with the Water Management Act 2000* (Operation Avon and Operation Mezzo) was furnished to the Presiding Officers on 27 November 2020.

The ICAC was not satisfied in relation to any of the matters it investigated that the evidence established that any person had engaged in corrupt conduct for the purposes of the *Independent Commission Against Corruption Act 1988* ("the ICAC Act").

The Commission's investigation found, however, that at a policy level, the development and implementation of the 2012 Barwon-Darling Water Sharing Plan represented a failure to adhere to the priorities set out in the *Water Management Act 2000* ("the WMA"). The Commission makes 15 corruption prevention recommendations to help address the corruption risks identified during its investigation and to promote the integrity and good repute of public administration in relation to water management. Specifically, the recommendations concern the undue focus on irrigators' interests within water agencies and deal with the:

- lengthy history of failure in giving proper and full effect to the objects, principles and duties of the WMA, and its priorities for water sharing
- failure to fully implement water sharing plans and ensure they are audited
- need to fund independent scientific audits to determine the ecological health of rivers
- lack of transparency, balance and fairness in consultation processes undertaken by water agencies in relation to external stakeholders
- sidelining of public officials undertaking environmental roles within the NSW Government
- control weaknesses in the classification and handling of confidential and sensitive information
- flaws in the recruitment procedures used to engage a director of intergovernmental strategic stakeholder relations at the Department of Primary Industries - Water
- regulatory failures in the state's water market
- lack of transparency and accountability in water account information.

The Commission is not of the opinion that consideration should be given to obtaining the advice of the Director of Public Prosecutions with respect to the prosecution of any individual.

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**Sensitive**

The Commission determined that it was not in the public interest to conduct a public inquiry in this matter. Instead, the Commission was satisfied that the matters investigated could be satisfactorily addressed by way of a public report pursuant to s 74(1) of the ICAC Act.

The Commission's findings and recommendations are contained in the report, which is available on the ICAC's website at [www.icac.nsw.gov.au](http://www.icac.nsw.gov.au).

Yours faithfully

A handwritten signature in black ink, appearing to read 'Peter Hall', with a small flourish at the end.

The Hon Peter Hall QC  
Chief Commissioner