



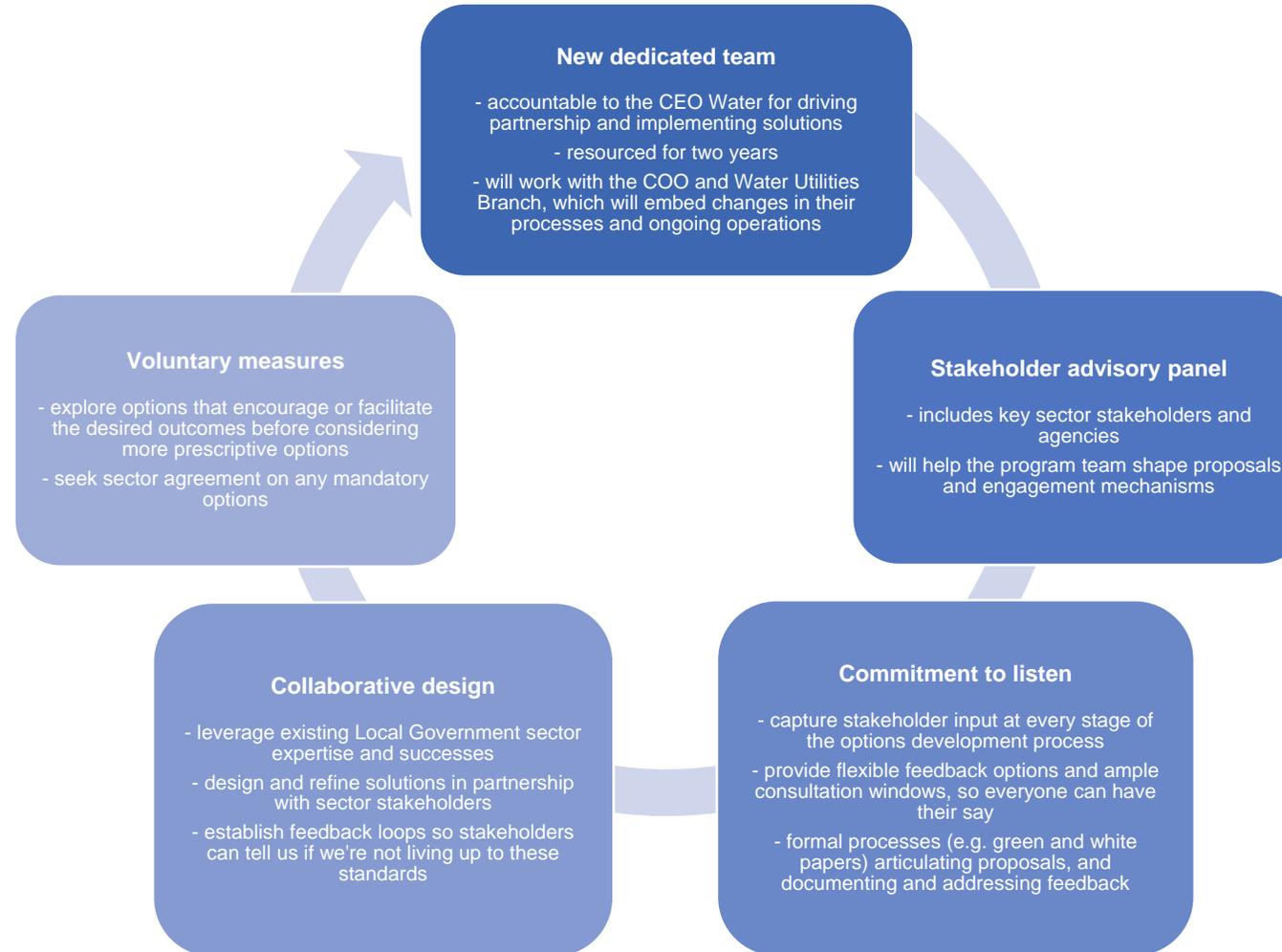
Planning,
Industry &
Environment

Town Water Risk Reduction Program

Stakeholder Advisory Panel – Initial Meeting

Meeting | 24 February 2021

Town Water Risk Reduction Program overview



Key objective is enabling risk reduction

- Funding from the Safe and Secure Water Program will help to reduce levels of service risk in the sector, however it does not target all the fundamental barriers to effective risk management.
- ***Key objective of this program*** is to develop and implement a new approach of working together that enables LWUs' to manage risks and priorities in town water systems more strategically and effectively and, as a result, reduce water quality, water security and environmental risks in communities in regional NSW.
- ***Focus is proposed to be on designing systems and mechanisms*** to enhance LWUs and their partners capabilities, better support and coordinate with LWUs, regulate LWUs more effectively and fund them more appropriately.

1. Our initial thinking on problem definition

Scale and remoteness

- Higher operating costs
- Difficulty attracting/retaining staff

Skills shortages

- Some utilities have difficulty attracting suitably qualified and experienced staff to fill critical roles within their business.
- Lack of training avenues
- Limited remuneration and career development opportunities

Sub-optimal strategic planning and coordination

- Lack of coordination between the various layers of strategic planning
- Current IWCM framework, including drought resilience planning and preparedness, has limited effectiveness and is perceived as too prescriptive.
- Limited (water security) data and modelling support/availability
- Some utilities require more focused support than is currently available

Inefficiently targeted funding

- Risk-targeted capital grant programs don't account for differences in the capacity of LWUs to fund solutions themselves
- Can create perverse incentives (capital bias, delaying action to wait for funding)
- Not a sustainable solution for funding for "whole of life-cycle" costs

Inadequate regulatory mechanisms

- Lack of clear and agreed regulatory objectives
- Criticism of the Department's approach (prescriptive and "one-size-fits-all" regulation; lack of clear assessment criteria and transparency and accountability of assessment process)
- Lack of robust and proportionate levers for incentivising/enforcing performance standards
- Inadequate framework for coordinating regulatory objectives and responses among regulators
- Inadequate support and partnership approach from the department for LWUs

Proposed focus area 1

Improve the regulatory framework

Why is change required?

- *Criticism of our approach - described as “too prescriptive and not proportionate”*
- *Lacks*
 - Transparency
 - Accountability
 - Regulatory objectives
 - Proportionality
 - Levers for incentivising or enforcing performance standards
 - Specified criteria for approvals
 - Co ordination with other regulators, Health EPA, etc

Proposed options

Partner with the sector to develop outcomes focussed, regulatory framework that addresses the above gaps for

- Strategic planning
- Pricing
- Major assets and upgrades

Key improvements

- Reform **Integrated Water Cycle Management Strategies and s60 approvals** for treatment infrastructure under of the Local Government Act 1993 (including considering long-held sector concerns and addressing the NSW Audit Office’s report).
- Options for enhancing the protocols and policies related to **drought resilience** and **incident management**, drawing on learnings from recent incidents.
- Enhance the framework for **monitoring utility performance, risks and maturity**, for proportionate regulation and support activities and continual improvement of the department’s approach.
- Develop a framework for **coordinating** intelligence, regulatory and policy activities between the department and its **co-regulators**, by developing agreements outlining how to work together.
- Clear and transparent guidance in plain English, including materials to **help relevant elected officials to understand their responsibilities**.

Proposed focus area 4

Review of skills shortages across the sector

Why is change required?

- *Difficulty attracting/retaining staff*
- *Particular skill sets lacking*
- *Acute lack of training avenues*
- *Limited remuneration and career development opportunities*

Proposed options

- Assemble a working group to develop a sustainable approach to skills and training within the industry
- Advocate for the water industry's needs in the VET training sector
- Investigate options for detailed workforce planning assessment of regional NSW water industry
- Develop guidance on minimum competency requirements for water utility staff, including continuing professional development and skills maintenance
- Investigate how to build internal capacity for knowledge and training within water industry
- Investigate options and guidance for water utility traineeship programs
- Explore councillor training and support needs to align with 2021 local government elections.

Proposed focus area 4

Review of skills shortages across the sector

Progress to date and early wins

- Joined Water Research Australia's Value of Operator Competency project as a research partner
- Participated in state and national forums on water industry skills
- Raised the profile of water utility needs with Training Services NSW
- Commenced discussions with utilities and training providers to understand their challenges

Note: Proposed focus areas 2, 3 and 5 will be discussed at the 10 March 2021 SAP meeting.

Our proposed engagement principles/approach

Principles

- Partnership with the sector on options and solutions
 - Collaborative design, not just consultation
 - Each solution needs broad support – program will not ‘force’ solutions on reluctant stakeholder groups
- Transparency and openness
 - Clear communication about the role stakeholders will play in developing options
 - Clear communication of the rationale for program recommendations, including why potential alternative options were not recommended.
 - We will be open about successes and failures (what has and hasn’t worked)
 - We will work in partnership with the regulators
 - Clear communication about the role that normal Government approval frameworks will continue to play (e.g. Role of Ministers, Executives)
- Focus is on making things better, not perfect
 - There is scope to trial promising new approaches. No one can guarantee the success of innovation.
 - Solutions are not locked in stone, and can be revisited and refined later on
- What the TWRRP won’t do:
 - No structural changes, including no forced mergers, no privatizations or no transfers of ownership.
 - No legislative changes, though the program can develop a case for future legislative changes.

Role of the Stakeholder Advisory Panel

Key principles

- The SAP is an advisory body not a decision-making body.
- The focus of the SAP will be on issues such as guiding the program scope, engagement strategy etc.
- Working groups and other engagement mechanisms will be the vehicle for collaboration and co-design. SAP members are encouraged to participate in working groups and other engagement mechanisms.

Operational matters

- We are proposing to meet fortnightly initially (ie: the first 2 or 3 meetings) and monthly thereafter for the duration of the program.
- The TWRRP team commit to distributing meeting papers in a timely manner.

Next meeting proposed agenda

- **Next meeting in the week of 8 March 2021.**
- **Discussion of specific focus areas/workstreams**
 - Encouraging collaboration between utilities, Facilitate greater State Government support and Investigate alternate funding models.
- **Early win strategy**
- **Subsequent meetings**
 - Review a proposed program plan that will provide more detail about the proposed approach to workstreams 2-5
 - Review a proposed engagement strategy for the program (e.g. newsletters, website, surveys and evaluations, etc.)
- **Have more to say?**
 - Email the team at regional.town.water@dpie.nsw.gov.au