



Building Transparency and Trust for DPIE Water Final Report

Prepared for the Department of Planning, Industry and Environment

3 March 2021

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Executive summary

This project was designed to **assist DPIE to improve transparency and rebuild trust with stakeholders by:**

1. Understanding current and planned DPIE actions for improving trust and transparency
2. Testing with stakeholders to what extent they believe DPIE/NSW water management agencies are 'on the right track' in improving transparency and building trust
3. Recommending tangible, specific actions/interventions DPIE can introduce to give stakeholders more confidence that we are on track.

Drawing on the range of recent reviews and inquiries into water management in NSW, we have broken down the 'improving trust and transparency' aspiration into four focus areas. We have subsequently used these to create the baseline for testing the extent to which stakeholders believe we are 'on the right track' in improving trust and transparency.

Taking inspiration from our discussions with DPIE staff, key stakeholder groups (including northern and southern farmers, local government / councils and environmental advocates) and water management agencies, we have identified three ways to demonstrate progress in improving transparency and rebuilding trust.

Focus Area	DPIE has shown a commitment to improving, with a number of current/planned initiatives	Stakeholders have had their say on the extent to which DPIE are 'on the right track'
Make water market data and information more transparent	DPIE has made improvements to trade rules, is pushing towards greater availability of self-service data/information and is responding to the findings of the interim ACCC report.	Stakeholders acknowledge an improvement in information provision, but significant steps are needed to reduce complexity and increase justification on decisions. Score: 2.5/5
Increase the effectiveness of compliance and enforcement	DPIE is creating (and continuously reviewing) responsible policy and legislation, releasing more thoughtful information to increase clarity of rules, and taking proactive steps (including the use of best-available technology) to manage floodplain harvesting compliance.	Stakeholders unanimously praise NRAR for dramatic improvements in compliance and enforcement but recognise exposed anomalies in rules and inconsistency in implementation. Score: 4/5
Deal with perceptions of unequal treatment of stakeholders	DPIE is committed to producing more equitable outcomes for water allocations and more transparent access to decision-making processes.	Stakeholders are yet to see DPIE's intent translated into more even access to decision-making processes. Score: 2/5
Improve clarity, timeliness and consistency in engagement and communications	DPIE is improving external engagement practices and internal systems to support stakeholder management, and reflecting these improvements in 'campaigns' e.g. to improve understanding of floodplain harvesting.	Stakeholders don't generally believe stakeholder engagement practices are 'hitting the mark', pointing to many ways these could be improved. Score: 2/5

Improving transparency and rebuilding trust is achieved through both meaningful/sustainable changes and tangible/specific actions that will demonstrate progress.

- A** Re-orientate around the 'customer'
 - **Signal the 'shift'** at DPIE that will encourage staff to prioritise the 'experience' of people's interactions with water agencies
 - Articulate in **some form of customer charter** the specific, tangible behaviours it will commit to build trust and transparency
 - **Demonstrate / report back** to stakeholders how DPIE has delivered on these commitments, consistently, over time.
- B** Deal with capability and capacity gaps
 - Deal systematically with the capacity and capability constraints to DPIE's trust and transparency ambitions
 - Target gaps identified in key **capabilities, partnerships** with other agencies and **supporting systems**
 - Manage this as a transformation project to help **give key stakeholders confidence** about DPIE's commitment to change.
- C** Use the State Water Strategy to signal a 'reset'
 - Use the forthcoming engagements around the development of the State Water Strategy **to signal a 'reset'** in how DPIE engages - **design in processes to genuinely engage** with stakeholder priorities, up the ante in terms of transparency of engagement 'outputs', and signal the joint commitment of water agencies
 - **Use the SWS as the 'anchor'** that explains to stakeholders how the different parts of the water framework interconnect.

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The aim of this project is to identify tangible actions to improve transparency and rebuild stakeholder trust.

Project background

Since the Four Corners 'Pumped' program, government agencies have taken proactive steps to improve transparency and bring stakeholders together. However, trust still appears to remain lower than desirable from stakeholders and DPIE are looking to action tangible initiatives towards rebuilding trust. DPIE is seeking to action strategies to improve transparency and build stakeholders' trust in water administration in NSW.

Questions to be answered

1. What are relevant current and planned DPIE actions for improving trust and transparency?
2. To what extent do key stakeholders believe DPIE/NSW water management agencies are 'on the right track' in improving transparency and building trust?
3. What tangible, specific actions/interventions can DPIE introduce to give stakeholders more confidence that we are 'on the right track'?

The key steps to this project were to:

- 1 Review suggested initiatives and stakeholder sentiment from earlier documentation and distil the consistent themes and focus areas
- 2 Understand current and planned actions to improve transparency and build trust from DPIE and water management agencies
- 3 Meet with stakeholder representatives to seek feedback on current and planned actions and test to what extent DPIE/NSW water management agencies are 'on the right track'
- 4 Create sustainable and implementable actions for DPIE to consider

A suite of previous reviews and reports were distilled to generate focus areas and create a baseline measurement for transparency and trust in the water sector

It is important to acknowledge how the complex policy and stakeholder environment for water management directly influences transparency and trust.

Reports cite a range of long-term and inherent issues that continue to impact water management in NSW. Some of the key complexities and concerns include:

Historical over-extraction and allocation of water resources.

Throughout the 20th century, water regulation and infrastructure were used to enable irrigation development and to support population and industrial growth. In many cases, total water access exceeded sustainable supply with detrimental impacts on riverine environments in NSW and reduced flows.¹

Challenges in managing the competing interests of stakeholder groups.

A number of different stakeholders and community groups who rely on the river system have significantly divergent interests. There is tension between environmental, economic and socio-cultural aspirations. This challenges consensus on water sharing agreements, and fuels contention on consumptive water vs. returning water to the river for environmental purposes.²

Increasing water scarcity.

A combination of natural droughts and the increasing use of water for agriculture, manufacturing and regional communities has led to rising water scarcity.³ This exacerbates the impacts on regional communities and threatens their livelihoods. The impacts of water scarcity are unevenly distributed across the basin.⁴ This has contributed significantly to political and social tensions with Indigenous communities who rely on the health of the river for social and cultural purposes. Climate change is also expected to exacerbate water scarcity.

Public concerns about the health of the rivers.

Following the mass fish deaths of 2018/19, those who interact with the river and broader Australian society have expressed deep concerns about the implications of poor river health. Rivers and fish are also of high cultural significance to Aboriginal communities, including those with Native Title rights.⁵

Challenges in implementing the Murray Darling Basin Plan.

The Murray Darling Basin Plan was developed to restore the rivers' health. However recent reviews have determined that the Plan is not being implemented as intended and has failed to support the delivery of environmental objectives as set out by the Water Act.⁶ The economic and social impact of environmental water recovery, particularly in the Northern Basin, is highly contested.⁷

¹ A guide to the proposed Basin Plan – Chapter 2 The Murray Darling Basin, The Murray Darling Basin Authority

³ Murray Darling Basin Authority, Issues facing the basin - Drought, 2020

⁵ Australian Academy of Science (2019). Investigation of the causes of mass fish kills in the Menindee region NSW over the summer of 2018-2019

^{2, 4, 6, 7} South Australia, Murray-Darling Basin Royal Commission, Report (2019)

We've worked through a suite of recent reviews to distil four key focus areas for improving trust and transparency.

Drawing on these recent reviews and inquiries into water management in NSW, we've broken down the 'improving trust and transparency' aspiration into four focus areas. We've subsequently used these to create the baseline for testing the extent to which stakeholders believe we are 'on the right track' in improving trust and transparency. These are outlined below, and fleshed out in some more detail in Appendix B.

KEY REPORTED STAKEHOLDER FOCUS AREAS FOR IMPROVING TRUST AND TRANSPARENCY

FOCUS AREAS

THIS INCLUDES:

1 Make water market data and information more transparent

- Ensuring trade data is comprehensive and published in a timely manner through 'joining-up' data and improving trade processing
- Safeguarding the quality of information given to market participants
- Leveraging digital technologies to streamline trade services and make information more accessible

2 Increase the effectiveness of compliance and enforcement

- Improving regulation, codification, data collection and publication
- Ensuring clarity in increasing organisational commitment and resources
- Clarifying roles and responsibilities between management and compliance bodies

3 Deal with perceptions of unequal treatment of stakeholders

- Building integrated local leadership capability and capacity with a strong understanding of local issues
- Ensuring timely publication of reports, data and decision making
- Strengthening community consultation approaches to support stronger dialogue

4 Improve clarity, timeliness and consistency in engagement and communications

- Establishing clear roles and responsibilities, and aligning policy and investment decisions
- Developing consistent engagement practices and communication plans and structures
- Improving the understanding and leadership capacity of regional communities

DPIE has shown commitment to improving, and has a number of current and planned initiatives in place

DPIE has shown commitment to improving, and has a number of current and planned initiatives in place.

The table below summarises DPIE's current and planned initiatives to improve trust and transparency against each of the four focus areas. More detailed descriptions of current and planned initiatives can be found in Appendix C.

Focus areas:	DPIE actions
<p>Make water market data and information more transparent</p>	<ul style="list-style-type: none"> • Improvements to trade rules including updated trade forms to include additional requirements, identifying broker and environmental trades and increasing scrutiny over zero-dollar trade price reporting • Greater availability of self-service data and information products including a NSW water register and trade dashboard which is complemented by the 'Water Insights Portal', providing real-time trade, licensing and other data • Responding to findings of the interim ACCC report including a published independent review and the commencement of a 2-month consultation program which will result in the development of an improved register
<p>Increase the effectiveness of compliance and enforcement</p>	<ul style="list-style-type: none"> • Responsible policy and legislation development including the establishment NRAR, the Water Reform Action Plan, and a robust metering framework and reporting framework for significant water management decisions involving discretion • Continuous review of existing policy and legislation including a five-year statutory review of the Water NSW Act 2014, a licensing and approval framework review and reviews of the water sharing plans • More thoughtful data and information release to increase clarity of rules including publishing reasons for decisions on s.324, pushing strongly towards open data standards for more licensing, the publication of telemetry specifications and the negotiation of a data-access agreement between DPIE-Water, WaterNSW and NRAR • Using the best available technology and taking proactive steps to manage floodplain harvesting compliance through a floodplain harvesting measurement policy, a management plan and harvesting program and a Floodplain Harvesting Action Plan
<p>Deal with perception of unequal treatment of stakeholders</p>	<ul style="list-style-type: none"> • The creation of an Aboriginal water coalition with representatives from peak Aboriginal organisations to work more effectively together • Improving the cultural understanding of staff through an Aboriginal engagement strategy • Developing a water recovery HUB with new rules and regulations, water recovery programs and other ways to achieve environmental outcomes
<p>Improve clarity, timeliness and consistency in engagement and communications</p>	<ul style="list-style-type: none"> • Improved external engagement practices including the development of Water Reference Panels, working towards standardised engagement outcome reporting and planning for a webinar hosted by a united government front • Improved internal arrangements and stakeholder management systems including additional resources for communications and engagement, a community and engagement policy and a new stakeholder management system (Borealis) • A campaign to improve the understanding of floodplain harvesting through increased evidence-based communications and more strategic engagement and partnerships

Stakeholders had their say on to what extent DPIE are 'on the right track' with current/planned initiatives designed to improve transparency and trust

We tested the current state of play and actions/initiatives across the four key focus areas with stakeholders.

Stakeholders were engaged from community and council, environmental and floodplain groups, irrigators from both the northern and southern basin, and a representative of Indigenous groups. During these discussions, we explored how true the issues raised in previous reviews remain. Across each of the focus areas, we asked 'What rating out of 5 would you currently give for public sector performance in this category?' and tested how these ratings have changed based on recent and planned initiatives from DPIE and other water management agencies. We also asked stakeholders for practical actions they would want to see to improve their scores. The median score across each interview is provided in the table below.

FOCUS AREAS ON TRANSPARENCY AND TRUST

MEDIAN SCORE OUT OF 5 FOR CURRENT PUBLIC SECTOR PERFORMANCE IN EACH FOCUS AREA

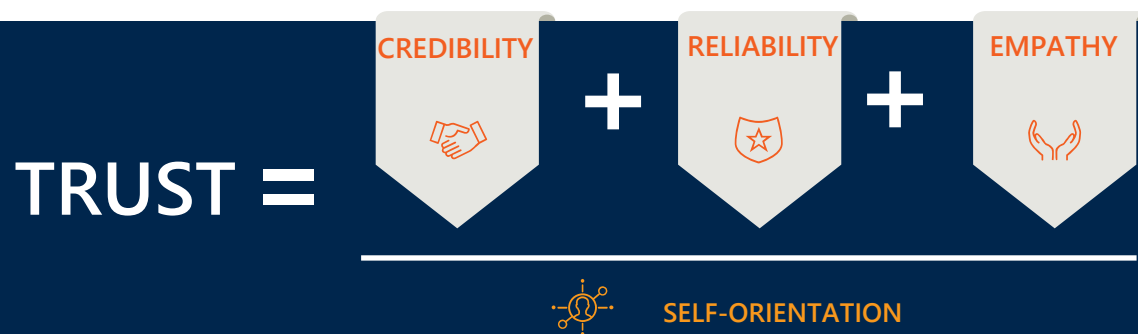
Make water market data and information more transparent	2.5
Increase the effectiveness of compliance and enforcement	4
Deal with the perception of unequal treatment of stakeholder	2
Improve clarity, timeliness and consistency in engagement and communications	2

Overall, stakeholders recognise effort and intent but agree there are fundamental 'gaps' that still need significant improvement.

The table below summarises the stakeholder feedback against each of the four main focus areas. More detailed feedback can be found in Appendix D.

Focus areas:	Stakeholder views
<p>Make water market data and information more transparent</p>	<ul style="list-style-type: none"> • When prompted, many stakeholders acknowledged improvements in data/information provided on websites but suggested there is scope to do more • But they also acknowledged that this is not the 'main game' – improved transparency is more about better processes around policy changes, releasing more modelling data, and providing more information to reference panels etc. • Water literacy has improved in the last seven years but there is still an important education/communication role for DPIE, including a suggestion that it should extend to managing social media issues/dispelling myths
<p>Increase the effectiveness of compliance and enforcement</p>	<ul style="list-style-type: none"> • There is almost universal respect and praise for NRAR, who are setting the benchmark in engagement and acting impartially (helped by its governance arrangements) • But the existence of NRAR has revealed a lot of anomalies in the rules that we are now working through • There is scope to improve implementation - the compliance transition has not always been smooth
<p>Deal with the perception of unequal treatment of stakeholders</p>	<ul style="list-style-type: none"> • DPIE is clearly feeling more pressure here and is making an effort to be available to all stakeholders with more discussions on who gets what, when, where and why • But stakeholders aren't confident this has translated into more even treatment or outcomes: <ul style="list-style-type: none"> • Irrigators are concerned they have been 'pushed to the side', as the Matthews report warned they would be • Downstream stakeholders are concerned that irrigation/economic interests still trump environmental/community interests • Indigenous sentiment reflects a framework that is broken, misunderstood and out of reach from funding providers • Some argue the formal engagement processes have improved, but the informal processes – the intimacy with some stakeholders – have not (and DPIE are likely not aware of this as it is cultural)
<p>Improve clarity, timeliness and consistency in engagement and communications</p>	<ul style="list-style-type: none"> • There is certainly a lot more engagement (DPIE gets some credit for trying here but more engagement is not necessarily better engagement) • Criticisms of DPIE's approach include: <ul style="list-style-type: none"> • Too technical, (sometimes this feels deliberate) making it hard for those who are not 'schooled' in water management to engage (with the link back to policy not always clear) • Typically 'tell and sell' i.e. ticking the box on decisions already made (with no engagement beyond the slides) • Fragmented – different parts of DPIE and other water agencies don't know who is doing what • But there are some 'pockets' of good practice: <ul style="list-style-type: none"> • Regional Water Strategies (RWS) get credit for work engaging with Aboriginal people (although sometimes at the expense of environmental groups) • The Western Weirs initiative was a good example of agencies 'on the same page'

It's useful to recap what the key elements of trust are.



Trust is fundamental to all successful relationships. Importantly, stakeholders make assessments about trust based on DPIE's observed behaviours, not intent. The good news then is that trust can be enhanced by changing these behaviours.

"For improvement, DPIE/water agencies will need to change their behaviours – rhetoric in plans is good but it means nothing unless there is action"

What's involved

CREDIBILITY

Expertise | Independence | Presence | Context

Credibility includes the way we look, act, talk about and embody our content. It is not only about what we know, but how we communicate it, and the experience of the person who is doing the perceiving. While some stakeholders will judge our credibility by technical expertise, others will want to feel a sense of our enthusiasm and passion for what we are talking about.

RELIABILITY

Consistent | Responsible | Alignment | Ethical

Reliability is the repeated experience of promises matching action. Stakeholders judge our reliability in terms of doing what we say we will do. We demonstrate reliability by making promises, explicit or implicit, and then delivering on them.

EMPATHY

Intimate | Imagination | Grace | Appreciation

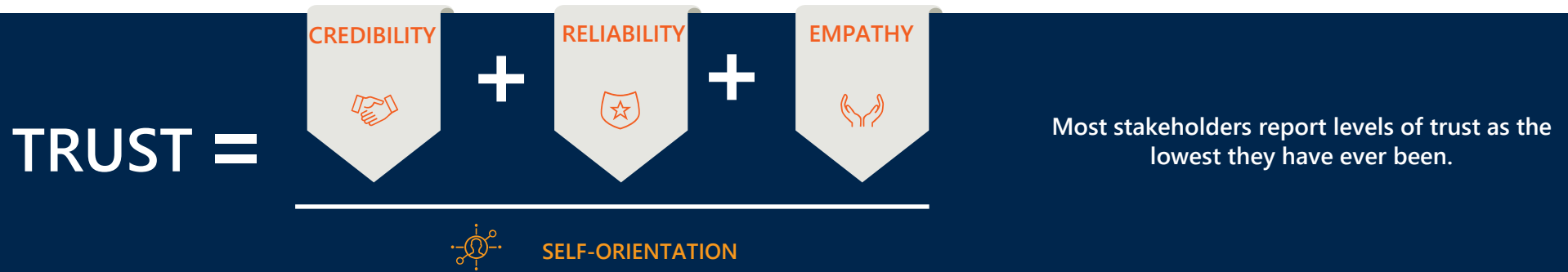
Empathy is the interplay between openness and acceptance. Openness is disclosing wants and needs, and likewise being open to the wants and needs of others. Acceptance is accepting people for who they are and not judging or criticising, listening carefully and empathetically to others, and making every effort to understand them.

SELF-ORIENTATION

Selfish | Preoccupied | Self-conscious | Fear of failure

Self-Orientation is anything that keeps us focused inwards rather than externally. This includes selfishness and being preoccupied with our agenda. It also includes more subtle forms of distraction such as self-consciousness, fear of failure and the desire to 'look good'.

Much of the stakeholder feedback describes behaviours typical of a low trust environment.



What stakeholders see/report ...

CREDIBILITY

Expertise | Independence | Presence | Context

- **The hollowing out of capability.** Stakeholders report how hard it is to build trusting relationships with staff sent out to engage who don't have enough knowledge to answer questions, or any appreciation of historical commitments. Some compare NSW – where the talent is always 'moving on' – with South Australia - where staff are in stable roles and have higher levels of water literacy.

RELIABILITY

Consistent | Responsible | Alignment | Ethical

- **A failure to honour commitments.** Stakeholders provided numerous examples (some recent) of agencies reversing decisions, and not honouring commitments in ways that significantly undermine trust. E.g. The Living Murray licence issue where conditions have been changed.
- **Poor coordination of agencies.** Stakeholders point how different parts of DPIE, WaterNSW etc. seem to have little appreciation of what other agencies are doing – “you need to get them all into the same room to get a consistent position”.

EMPATHY

Intimate | Imagination | Grace | Appreciation

- **Perceptions of unequal treatment.** There are still incidents (e.g. recent email leaks) that fuel suspicions that secretive behaviour has not yet been eradicated i.e. “there is a constant feeling of not knowing what is happening behind closed doors.”
- **Few opportunities for genuine engagement.** e.g. quite technical presentations that are hard for many to understand, and no openness to address questions outside “what’s on the slides”. Also, timelines for consultation/engagement are so rushed that they offer few real opportunities for influence.

SELF-ORIENTATION

Selfish | Preoccupied | Self-conscious | Fear of failure

- **An inward focus.** Staff appear to be most anxious about delivering on commitments made to their Minister, creating the impression that they are focused inward, and not thinking about stakeholder/customer needs.

We can draw inspiration from other relevant organisations

Case study #1: NRAR

An exemplary performer in engagement, managing expectations and action.

NRAR's strategic plan


NRAR has completely transformed the public's confidence in water compliance and enforcement in the state. They have achieved this through clear communications, even-handed stakeholder management and applying a risk-based approach to prosecution. NRAR has set their strategic plan for 2021-2023 to ensure effective, efficient, transparent and accountable compliance and enforcement measures in the water sector.

NRAR has set clear and specific goals underpinned by key targets¹

- Increase public confidence in water compliance and enforcement (from moderate to high) before the next community benchmarking survey in 2022
- Ensure all compliance programs result in an improvement in compliance rates
- Take compliance action in 90 per cent of high-risk cases; with a year-on-year reduction in case duration
- Ensure 80 per cent of all licensing and approval applications are determined within three months
- Inspect 5,000 properties across NSW
- Complete 20 compliance programs and proactively issue reports to the relevant industry groups and the public

Other activities towards better outcomes

- Enhancing the monthly compliance activity report to a narrative-based analysis to improve understanding for the regulated community
- Commenced routine monitoring program to bump up their presence in the regulated community
- Greater investment in marketing and an engagement campaign to increase understanding in the community towards voluntary compliance
- Website review and upgrade
- Operationalising education by partnering with TAFE in irrigation communities and the stockbroker's association to get educative materials on the ground
- Increasing influence over the regulatory setting, and feeding evidence and anecdotes back into the department and Minister's office
- NRAR and WaterNSW have agreed on principles when materials should be joint and unilateral COMMs – DPIE is not part of the agreement at this stage, although this is more around operational issues like metering

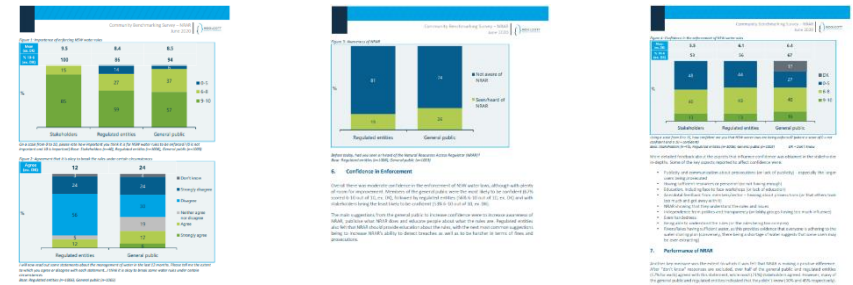
 We will continue to build public trust and confidence by educating, enabling and encouraging the water community to comply, and we will use our regulatory instruments to enforce the law and ensure fairness

Grant Barnes
NRAR Chief Regulatory Officer



NRAR Community Engagement Survey 2020

NRAR's community engagement survey's primary purpose was to get a baseline evidence base on NRAR statutory objective and direction to improve transparency in this space



Initiatives to address stakeholder concerns in the benchmarking survey

- **Increasing community engagement** – implementing a new stakeholder engagement strategy, increasing presence at conferences, forums and other events, and increasing the use of Borelias software to align communications and identify opportunity for collaboration
- **Extending the reach of education** - NRAR will broaden their education program by developing new products and innovative ways to help water users comply. This will be shared through operational teams and engagement with stakeholder organisations
- **Enhancing communications** - Increase the understanding of the water rules and NRAR's role, and to reach wider audiences by using traditional and non-traditional communications activities and channels
- **Expanding presence in regional NSW** - NRAR will increase its capacity for site inspections by three times with the rollout of new routine monitoring teams in Dubbo, Tamworth and Deniliquin. These teams will visit 3,000 properties to report on rates of compliance and to engage with water users to promote voluntary compliance and help them understand obligations
- **Capability building (people and technology)** - NRAR has committed to becoming a leading regulator in training, procedures, and investing in improving the efficiency and effectiveness of compliance and enforcement activities using enhanced technology and knowledge management

¹ NRAR Strategic Plan 2021-2023

Case study #2: Sydney Water

Best practice on orienting around the customers they serve.

Sydney Water place their customers at the centre of everything they do

Sydney Water Corporation (SWC) no longer see themselves as an asset organisation, rather as a customer organisation, and through this reorientation they get results in customer engagement and in the broader business. SWC show the value in investing in understanding and orienting around 'customers' and responding to their needs and views, resulting in greater trust, higher levels of satisfaction and greater acceptance of changes.


SWC bring their customers along the entire pricing journey

SWC see their pricing process as incredibly transparent and collaborative with customers. Customers are brought along the entire journey from early discussions on willingness to pay, through independent review inclusive of full community consultation, to final price determination. SWC points of engagement include:

- Extensive community engagement around early thinking for pricing submission and testing where there is disconnect or misalignment with customers
- Continuous discussions about willingness to pay encouraging complete honesty
- Community consultation summaries are transparent and provided to IPART during the draft pricing determination submission
- There are multiple media communication tools during the process in simple customer-focused English

Other activities towards better outcomes

- SWC have invested heavily in customer engagement, including monthly net promoter surveys with 1000 customers
- SWC uses social media, bills and the water app to discretely dispel myths
- All policies are published on their website - contracts, concealed leaks, privacy breaches etc.
- Depending on timeliness, SWC shift resources around to create taskforces to get communications out to make sure customers are informed as quickly as possible
- SWC use insights that come through the contact centre to identify customer pain points which drive many initiatives
- They are shifting focus towards educating customers on safe water practices rather than enforcing on infringements, recognising a need for greater sustainability
- They are currently rolling out digital metering with IOT devices and analytics for customers to know their meter reading in real time and to better understand where the water is going in the network

 It is a massive process, but we know if we engage from the very beginning then it is far easier to implement and have customers trust us at the end that we have listened

Kathy Hourigan
General Manager Customer Services



SWC spend more than peers on customer engagement resulting in material benefits to the organisation and the community



Significant reduction in operating costs



30% reduction in size of call centres managing complaints (100 people down to 70)



No spike in customer complaints since dropping their most recent pricing determinations



10 vehicles monitoring water restrictions (previously 40)

Changes to the business model resulting in stronger performance

- Under new leadership (CEOs and GMs), SWC has created a culture of delivering on promises, removing beige tape and management by consensus, leading to empowered decision making
- The organisation has been aligned out of silos with greater reliance on each other. There has been a transformational shift with thought processes and now things are easier to get done
- New structure where divisions are interdependent by design (undermining old silo behaviour). It has been a transformational shift and activities are easier to get done
- New co-developed strategy with business leaders based on fixing problems. New business plans must be aligned with strategy and budgets and there is a shift from asset-based thinking to customer-based thinking

Case study #3: The Dairy Industry

An industry with a similar stakeholder environment that needed to rebuild trust.

The Dairy industry faced similar challenges in rebuilding stakeholder trust

The Australian dairy industry is a major rural industry, with a farmgate value of production of \$4.6 billion in 2018/19, converting to a total economic contribution of \$9.6 billion. In recent times, a combination of persistently low profitability, various 'shocks' associated with very high climate and market variability, and price step-downs since 2016 (and the subsequent collapse of the largest dairy cooperative) has put enormous pressure on an increasingly fractured industry characterised by low levels of trust in leadership. To turn this around and rebuild trust and confidence, the industry committed to the development of a bold new Australian Dairy Plan.

The Australian Dairy Plan 'reset' the industry through: A sustained commitment to collective action.

The Dairy Plan was an initiative of four key dairy industry organisations – Australian Dairy Farmers (ADF), the Australian Dairy Products Federation (ADPF), Dairy Australia, and the Gardiner Dairy Foundation. Significantly, this was the first time in the industry's history that these organisations decided to work together to deliver a single plan with a single set of national priorities and reflect these priorities in their organisation's own strategic plans. To demonstrate the unity required to regain trust, the Chairs and CEO invested enormous time and resources working together in the development of the Plan. This commitment to collective action extended to work on how best to reform industry structures to create a more cohesive dairy industry, and commitments to working together to coordinate the implementation of the Dairy Plan, reflecting its priorities in each of their individual strategic plans.

An unprecedented level of engagement.

The development of the Dairy Plan has been characterised by extensive industry-wide engagement. This began with one of the largest listening exercises in the industry's history, with every dairy region being asked what specifically needs to change to build a stronger industry, across 23 regional workshops. A digital platform – Our Say – was used to publish the results of each engagement within 48 hours so that discussions were transparent to all participants. This phase culminated in the National Dairy Plan Workshop, attended by 130 leaders from every part of the industry, where key priorities for the industry were confirmed. An Australian Dairy Plan website and supporting communications continued to keep all industry participants up-to-date, and the plan took shape.

A commitment to respond to industry priorities.

Remarkably, despite the diversity of dairy regions, and regardless of where people sat along the supply chain, the same priorities found their way to the top through this engagement phase. These priorities were not what you'd expect to find in a conventional industry plan, and not necessarily what industry leadership or experts would have focused on. But the Australian Dairy Plan turned these shared priorities into five key commitments designed to create the foundation for rebuilding trust in the industry. These five commitments became the centrepiece of the Dairy Plan to lift profitability, rebuild confidence and establish unity.



The work done on the ADP to date has been energising, and the levels of engagement at such an important time in the industry have been inspiring. This has started to help rebuild the trust and confidence in the industry that has been lost over the past few years.¹

Jeff Odgers
Chair of Dairy Australia



A cornerstone commitment in the plan was to restore trust and transparency between farmers and processors to strengthen industry confidence

Farmers and processors dealing with a perishable product every day require a business relationship built on trust and transparency. New ways to provide greater transparency on farmgate milk prices and the value of milk at different times of the year, will complement new tools that measure the cost of production and lay the groundwork for additional milk trading options.

Success measures of the new Dairy Plan

Increased confidence of dairy businesses in the industry's future

> 75% Farmers and processors are confident about the future.

Greater unity across the industry by working together to address key challenges

> 75% Farmers and processors are positive about industry unity.

There are three opportunities with tangible, specific actions that DPIE can introduce to give stakeholders more confidence

There are a lot of 'lists' outlining what DPIE needs to do to increase trust and transparency – we don't think you need another list!

DPIE's Water Table was asked: *If you could make one improvement to increase transparency and build stakeholder trust, what would that be ?*

- *Publicly available water holdings data*
- *Plain English guides, especially around legislation, regulation and compliance - there is so much misinformation which is enabled by the sector using dense, inaccessible language*
- *Start by asking all interested parties what their needs and expectations are, empathise and build rapport before you take any options back*
- *Unpick all the competing government commitments, and ensure balanced information is provided to Ministers prior to commitments being made*
- *Have regional managers who have a full understanding of local issues who are point of contact and have authority. Also accept that water is complex and fraught and take time to discuss*
- *Providing information to stakeholders earlier in the decision-making process to allow time for meaningful input and understanding of process and outcome*
- *Spend more time and resources in developing products that are easier for people to understand e.g. Graphics to make the complex simpler to understand*
- *Full implementation of metering and telemetry for all water users*
- *Be clearer about what our forward priority work is, the problems and opportunities that this is addressing and when people can expect to hear about these*
- *Spend more time out and talking to our community - being available - having a regional focus i.e. staff assigned to different regions to make the connections build trust and improve water literacy amongst stakeholders*
- *Improve clarity and consistency of information*
- *Easily accessible data and insights - user and public portals, discoverable and open data and models*
- *Consistent accessible and targeted communications using multiple channels that are focused on user/community needs and wants*
- *Constantly publishing all reports, data and reasons for decisions published on the website. We need a culture of openness and publishing rather than withholding*
- *Develop an enduring engagement and comms plan across the water sector. We don't have this – teams go out as separate business unit, without a strategic approach*
- *Be more transparent and open in all our work, and the risks we face (e.g. publish a lot more of our reports and reviews immediately)*
- *Plain English website & comms - the more we talk in lingo, the more we talk to a smaller audience of lawyers and professionals and not the average Joe*
- *Be consistent internally and with WNSW*
- *Reduce the complexity of rules, policies and guidance*

The list of actions above, and the recommendations made in the recent ICAC report, are some of the many initiatives DPIE could action towards improving trust and transparency

Your resources to support increased trust and transparency appear stretched – although you don't need us to point that out.

Work pressures are enormous and scaling up



Staff estimate DPIE's program of work for 2021 is 30-40% greater than this year – this pressure to deliver means that despite the best intentions, for many, engagement activities will be rushed and best characterised as 'tell and sell', with staff working tirelessly just to 'tick the box'.

Resources matter!



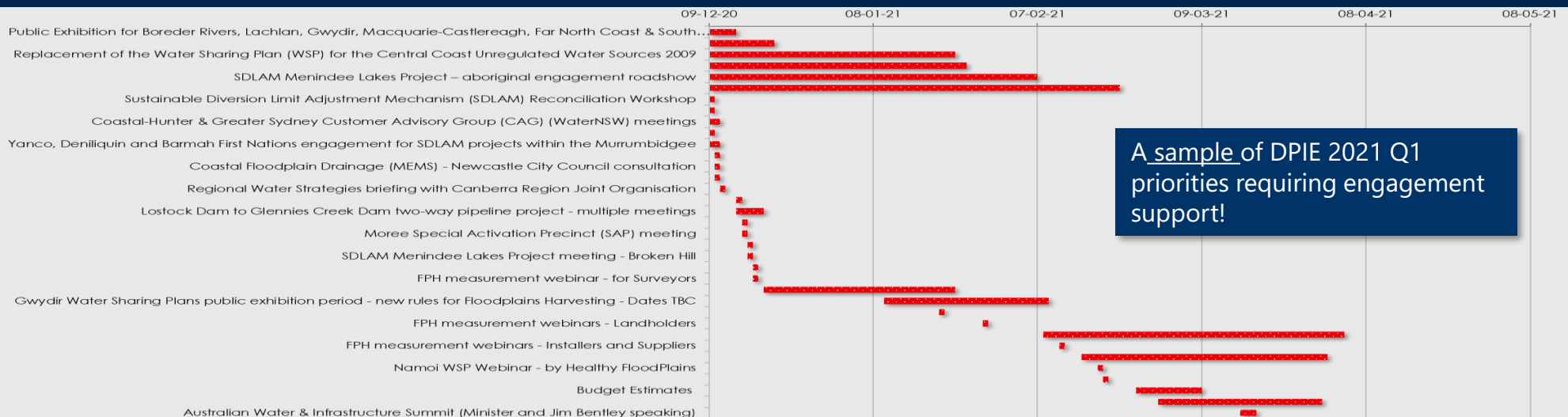
The examples of NRAR, Sydney Water Corporation and the dairy industry demonstrate what sustained commitment and, importantly, an injection of resources can do. It is possible to make significant improvements in trust and transparency.

The resourcing to support engagement seems thin and fragmented



The key resources are:

- (1) The water relationships team responsible for expert engagement advice, and the coordination (and often delivery) of engagement activities - 8 people, 3 devoted to RWS, others temporary
- (2) The Comms & Engagement Water team – provides tools/services for engagement e.g. advertising and copy;
- (3) Other resources spread thinly through some programs e.g. SIDLAM



A sample of DPIE 2021 Q1 priorities requiring engagement support!

You need the combination of meaningful/sustainable changes and tangible/specific actions that you can use to demonstrate progress.

A

Re-orientate around the 'customer'

- Taking some inspiration from the **Sydney Water** example of a significant re-orientation around 'customers', it seems important to **signal the 'shift'** at DPIE that will encourage people to prioritise the 'experience' of people's interactions with DPIE e.g. other NRM/water agencies talk about how "we put customers at the heart of everything we do".
- Then, it will be important for DPIE to articulate (e.g. in **some form of customer charter**) the specific, tangible behaviours it will commit to, giving expression to this customer-orientated aspiration e.g.
 - Responding to all questions on notice within a set timeframe
 - Publishing and following through on all actions from engagements
 - Meeting commitments to publish information with reasonable timeframes
- Building trust is then about **demonstrating/reporting back** to stakeholders how DPIE has delivered on these commitments (and those in strategies/plans) consistently, over time.

B

Deal with capability and capacity gaps

- Taking some inspiration from the **NRAR** example of how a clear mandate combined with good leadership and a commitment of resources can make a significant difference to stakeholder perceptions, it seems important to **deal systematically** with the capacity and capability constraints to DPIE's trust and transparency ambitions.
- Nous' transformation model (see Appendix F) can offer some inspiration here - **this is effectively a transformation** - but some key gaps seem to be:
 - **Capability** - expertise to ensure a user-orientation in all products/services
 - **Partners** - working with other agencies to ensure a 'no wrong door' policy
 - **Systems** - coordinating all engagements more effectively e.g. using Borealis
- Framing this as a transformation project (with the appropriate governance and reporting) can help **give key stakeholders confidence** about DPIE's commitment to change.

C

Use the State Water Strategy to signal a 'reset'

- Taking some inspiration from the **dairy industry** example of how to 'reset' relationships when levels of trust in institutions are low, it seems to make sense to use the forthcoming engagements around the development of the State Water Strategy to **signal a 'reset'** in how DPIE engages stakeholders.
- For example, taking inspiration from the dairy plan (and from the Hunter Water RWS), DPIE may also consider how to use this engagement process to:
 - Design in processes to genuinely engage with stakeholder priorities
 - Up the ante in terms of transparency of engagement 'outputs'
 - Signal the commitment of water agencies to work together to deliver the SWS
- At the very least, **the SWS is the 'anchor'** that explains to stakeholders how the different parts of the water framework interconnect e.g. the relationship between the RWS and water sharing plans.

Appendix A: Summary of Project Steps

This project incorporated engagement with a range of government and non-government stakeholders, with a clear focus on implementing actions.



Consultations with NSW water management agencies including:

State government

- DPIE
- NRAR
- Water NSW
- Sydney Water
- Hunter Water

Commonwealth government

- Murray Darling Basin Authority
- Department of Agriculture, Water and Environment



- Summarise reported state of play
- Create a stock take of actions and initiatives to improve transparency and build stakeholder trust
- Synthesise planned actions and new ideas to test with stakeholders



Consultations with NSW Water stakeholders representatives including :

- Aboriginal representatives
- Community and council
- Environmental and floodplain groups
- Irrigators (northern and southern basin)



Present and refine findings, and confirm implementation actions and next steps

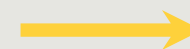
Water Management Agency Interviews



Consolidate suggested initiatives



Test actions with stakeholders



Water Leadership Team Workshop

First half November

Mid November

Second half November / December

January

Appendix B: Detailed findings from the suite of recent reviews and reports

Previous reviews show a low confidence surrounding the transparency of market information and data.

Water markets operate in a lightly regulated manner, with limited monitoring of trade activities or rules to protect against market manipulation.¹ Collection and communication of information shortcomings create an opaque market, benefiting those with greater resources. A fragmented regulatory environment coupled with duplication of roles among governing bodies aggravates these issues.² Reports indicate significant improvement in water market transparency over the past few years.³ Initiatives including websites publishing user-driven data, water market dashboards and audited trade price reporting by the Murray Darling Basin Authority, have represented significant progress. However, underlying issues of trade data collection to increase information transparency, and publication of timely accurate trade data still need to be addressed.⁴

REPORTED STAKEHOLDER PERSPECTIVES

The economic benefits resulting from water markets are not universally shared among stakeholders. The ACCC has recognised adverse consequences arising from water markets for some individuals, industries and regions.⁵ Consultation through public forums and submissions have indicated key stakeholder concerns:

- Stakeholders have low confidence in the fairness of water markets and express suspicion that markets are being manipulated by foreign interests. Irrigators feel government entitlements are not subject to the same rules and charges of other participant entitlements.⁶
- Trading rules are overly complex and trade reporting is often delayed and incomplete.⁷
- The depth of the market is not clear as buy and sell offers are dispersed across exchange platforms. Dispersion of market information can create comparative advantages for well-resourced and large-scale participants.⁸
- Traditional owners feel they own too few water rights and are absent from water markets due to significant barriers to participation.⁹

RECOMMENDATIONS FOR IMPROVEMENT

The following recommendations have been suggested to increase transparency in water markets:¹⁰

- **Market data can be better 'joined up'** – Practical changes in trade processing can ensure trade data is comprehensive and presented in a timely manner. Options include:
 - Improving trade data validation and quality checking processes
 - Updating trade application forms to include reason, type and pathway of trades
 - Creating stronger conditions to execute zero-dollar trade approval
 - Making basin state registers more aligned in structure and language

This will improve the quality and timeliness of market data and reduce comparative advantages of parties with greater resources to navigate fragmented information.

- **Changes must be supported by clear mandates** – A clear framework is needed to govern all entities involved in trade processes, including exchanges, brokers, irrigation infrastructure operators and basin state approval authorities. This is important for safeguarding the quality of information given to market participants. It will also foster efficient trade services.
- **Leveraging digital technology services** – Digital technologies will streamline trade services, increase efficiency in information access, strengthen market oversight and improve the integrity of water markets. Some digital platforms recommended include:
 - National Irrigation Corporations Water Entitlement register
 - A single trading platform
 - A single water market information platform bringing together core market information from multiple sources and presenting information in a uniform way

Previous reviews show ineffective compliance and enforcement of policy and regulation.

NSW faces major challenges to effective compliance and enforcement. The state has the largest number of water licences and volume of take of all basin states and covers a vast and diverse geographical area.¹ NSW also has a significant volume of unregulated water and floodplain harvesting, where it is difficult to identify compliance breaches.²

Compliance has often been a low priority for water agencies.³ At times this has resulted in a lack of effectiveness, consistency and transparency.⁴ Reporting has suggested that arrangements for metering, monitoring and measurement of water extractions require improvement (particularly in the Barwon-Darling River system). Cases of alleged non-compliance have remained unresolved for long periods and there is limited public transparency regarding water regulation arrangements and compliance.⁵ Recent regulatory reform is likely to have improved these issues significantly. Testing the current strength of these concerns with stakeholders will provide valuable insight into recent progress.

REPORTED STAKEHOLDER PERSPECTIVES

The effectiveness of compliance and enforcement of water regulation significantly impacts stakeholder trust in the system. Trust in a compliance system requires that it is perceived as fair – all actors are treated equally and those who break the rules are punished accordingly.⁶ The perception that reported compliance breaches remain un-investigated and unresolved undermines the commitment of other entitlement holders to comply. It also undermines community trust in a fair system that supports their interests.⁷

RECOMMENDATIONS FOR IMPROVEMENT

Reviews and enquiries into water compliance have consistently proposed three key recommendations to improve effectiveness and transparency:

- **Increased organisational commitment and resources**⁸ – A cultural commitment driving improved regulation, supported by sufficient resourcing, is crucial to addressing concerns of unresolved compliance breaches. Public confidence will build with strong community awareness of a compliance and enforcement strategy and framework and an understanding of how it operates in practice. This must be supported by timely public reporting on compliance activities.
- **Improved regulation, codification, data collection and publication**^{9,10} – Unreliable and patchy metering creates major challenges to monitoring and measurement of water extraction, particularly in Northern NSW. Unregulated take such as overland flow in the Northern basin and aspects of the compliance system that are not codifiable, and therefore not easily enforced, must also be addressed. Public accessibility of information about the level of take and the amount and timing of water availability is critical to establishing transparency in compliance and enforcement.
- **Clarity in roles and responsibilities between compliance bodies**¹¹ – Strong coordination between state government regulatory bodies and the Murray Darling Basin Authority is essential to addressing community concerns that non-compliance is not punished. Community awareness of respective roles and responsibilities will help to prevent frustration and anxiety that concerns are being ignored.

^{1,2,3,6,7,8,9,11} Murray Darling Basin Authority. (2017). The Murray–Darling Basin Water Compliance Review

^{4,5,10} Matthews, Ken. (2017). Independent investigation into NSW water management and compliance | Interim report

Previous reviews show a sentiment of unequal treatment of among stakeholders, both in unequal outcomes for water allocations and access to decision making processes.

Stakeholder levels of trust in government have been low and in need of rebuilding since the 2017 Four Corners program "Pumped".¹ Subsequent events including mass fish kills, drought and bushfires have exacerbated an already tense stakeholder environment. Reports on social and economic conditions in both the Northern and Southern basin indicate damaged communities. Indigenous communities, reliant on the health of the river for cultural and social purposes, are disproportionately affected by drought and environmental decline.²

Tensions and hardship are heightened by the perception of unequal treatment of different stakeholder groups.³ Northern and Southern basin farmers, coastal and unregulated catchments, country town communities, environmental advocates and traditional owners have competing interests and priorities. There is a perception that the needs of some groups are prioritised over others, resulting in inequitable access to water across the basin. Communities have also expressed concerns that the interests of irrigators and more powerful stakeholders have unfair influence in policy and decision making.⁴

REPORTED STAKEHOLDER PERSPECTIVES

Northern farmers are wary of over-regulation and feel their counterparts don't recognise the extent of droughts and hardship. Meanwhile, Southern farmers believe that upstream irrigation interests have trumped the needs of downstream communities.⁵

Indigenous communities have expressed disappointed in the lack of engagement and feel marginalised in their right to protect, manage and own resources. Stakeholder groups with limited influence feel a lack of access to policy development processes.⁶

RECOMMENDATIONS FOR IMPROVEMENT

Reviews and enquiries have proposed three key recommendations to improve stakeholders' perceptions:

- **Building local leadership capability and capacity**⁷ - A regional manager in each community with local authority and deep understanding of community issues should be established to form a single point of contact. This role could work with governments to design policies and programs around specific community needs and help communities feel that their interests are being considered and supported.
- **Working towards open and transparent operation**^{8,9} - Timely publication of reports, data, decision processes, forward priorities, and timeframes of communications is crucial to transparency. Information must be made available and widely accessible to those with and without technical water expertise to avoid excluding certain groups from meaningful participation in discussion.¹⁰ Understanding the process and information that leads to decisions can help to minimise sentiments of unfair or preferential treatment.
- **Strengthening consultation approaches**¹¹ - Developing relationships and further engaging with local communities, landholders and catchment management authorities should support informed investment and stronger dialogue. Avoiding rushed or superficial consultation is important to rebuilding community trust.

^{1,5,8,10} Craik, W. (2020). Independent Panel Assessment of the Management of the 2020 Northern Basin First Flush Event

^{2,7,11} Sefton and Panel (2020). Final Report: Independent Assessment of Social and Economic Conditions in the Murray-Darling Basin

^{3,4,6} Matthews K. (2017). Independent investigation into NSW water management and compliance

⁹ Productivity Commission Inquiry Report (2018). Murray-Darling Basin Plan: Five-Year Assessment

Previous reviews show a lack of clarity, timeliness and consistency in communications, engagement and action.

Transparency and stakeholder trust are supported by strong community understanding of the role, decision and actions of governing bodies. When communities perceive inconsistent or conflicting messages, confusion and doubt undermine trust in the system.¹ Management of water in NSW has been impacted by a number of interagency and engagement issues. Long term differences in approach between agencies and overlapping or conflicting roles and responsibilities have hampered governments' ability to provide clear and consistent messaging.² Incomplete resolution of development and environmental goals in policy and investment decisions also undermines confidence and sustains criticism. A lack of integration across stakeholder engagement has resulted in duplicative and conflicting consultation that leaves the community feeling as though their concerns are not being listened to.³

REPORTED STAKEHOLDER PERSPECTIVES

Communities have expressed concern that governments have failed to provide decisive leadership or clarity on roles and responsibilities. Communities are confused by fragmentation and overlap of the roles of different regulatory agencies.⁴ They report being unsure which bodies are responsible for certain issues, making it difficult to understand policy and seek information and advice.⁵ Key report and inquiry findings are often passively published on government agency websites, without publicity or broad communication. This can result in communities feeling as though little progress is being made and that submissions for past reviews have not been taken into account or actioned.⁶ Stakeholder engagement undertaken for a range of reports has found concerns about inconsistent messaging and information. Websites and platforms hosted by various agencies publish apparently inconsistent data on water levels and usage and information about decision-making and water related events.⁷ Information is often published in a form that is only accessible to stakeholders with technical water management expertise, lacking an overriding narrative to support understanding amongst the general community.⁸ This reflects inadequate systems and processes for communication and coordination. Even stakeholders with good knowledge of water issues and regulation have had difficulty following decision making processes.⁹

RECOMMENDATIONS FOR IMPROVEMENT

Reviews and enquiries into information and communication have suggested three key recommendations:

- **Establishing clear roles and responsibilities and aligning policy and investment decisions**¹⁰ - Clearly delineated agency roles avoid overlap in responsibilities and confusion for both staff and the community. It is also important for the agencies to establish and maintain collaborative working relationships to ensure alignment across key issues.
- **Developing consistent engagement and communications plans**¹¹ - A consistent plan will guide consultation and communication with the community. This will ensure consistent messaging platforms and timeframes providing easily accessible information. These plans must include publicising information about the purpose and objectives of events or activities, transparency on targets, principles and processes and a clear point of contact for enquiries.
- **Improving engagement practices and strengthen understanding and leadership capacity of regional communities**^{12,13} - This will enable the co-design of policies and reforms and provide certainty and confidence to communities. Capacity building must include investing in water literacy in community media organisations and local government. Improving data collection and information about social and economic conditions across the basin will also improve community confidence that their concerns are understood.

^{1,12} Panel for Independent Assessment of Social and Economic Conditions in the Murray–Darling Basin. (2020). Final Report: Independent assessment of social and economic conditions in the Murray–Darling Basin (Sefton's Report)

^{2,8,11} Craik, W. (2020). Independent Panel Assessment of the Management of the 2020 Northern Basin First Flush Event

^{3,10} Matthews K. (2017). Independent investigation into NSW water management and compliance

^{4,5} Australian Competition and Consumer Commission (2020). Murray–Darling Basin water markets enquiry interim report

^{6,7,13} Interim Inspector-General of Murray–Darling Basin Water Resources 2020, Impact of lower inflows on state shares under the Murray–Darling Basin Agreement, Canberra. CC BY 4.0.

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Appendix C: Further details on DPIE current and planned initiatives

DPIE is committed to improving trust and transparency, with a number of current and planned initiatives.

► FOCUS AREA 1

Make water market data and information more transparent

DPIE is committed to ensuring water markets facilitate economic and social benefits to people, businesses, communities and industries.¹

Some of the key DPIE current and planned initiatives are summarised below.

Improvements to trade rules including:

- updated trade forms to include additional requirements to provide more information in relation to the purpose and price of trades (including the reasons for zero-dollar trades)
- identifying broker and environmental trades
- increasing scrutiny over zero-dollar trade price reporting

Greater availability of self-service data and information products including:

- a NSW water register combining information from several public registers with access to information on water licenses, approvals, tradings, dealings, an environmental water portal and other matters related to entitlements
- a DPIE trade dashboard containing accounting rules, allocations, usage, utilisation, held and planned environment water
- a WaterNSW 'Water Insights Portal' that complements the existing dashboard, providing real-time trade, licensing and other data, building on the findings in the Matthews enquiry

Responding to findings of the interim ACCC report including:

- an independent review based on the implications of ACCC recommendations, published online
- a 2-month consultation program to further test the findings from the ACCC report and concerns raised by regional communities
- developing an improved register (based on consultation findings) to provide better access to clear and easily understood information designed to improve market transparency, functionality and commercial privacy¹

¹ Pavey, M. Media Release: NSW CRACKING DOWN ON WATER SPECULATORS (2020)

DPIE is committed to improving trust and transparency, with a number of current and planned initiatives.

▶ FOCUS AREA 2

Increase the effectiveness of compliance and enforcement

DPIE is committed to improving the transparency and effectiveness of compliance and enforcement.

Some of the key DPIE current and planned initiatives are summarised below.

Responsible policy and legislation development including:

- the establishment of The Natural Resources Access Regulator (NRAR) - an independent regulator established under the Natural Resources Access Regulator Act 2017
- a Water Reform Action Plan (WRAP) including a new regulatory framework for water management and robust metering framework and regulation to provide further metering requirements
- a reporting framework for significant water management decisions involving discretion, including water management decisions taken by DPIE and licensing and approval decisions taken by WaterNSW and NRAR ¹

Continuous review of existing policy and legislation including:

- a five-year statutory review of the Water NSW Act 2014 (the Act) to determine if the Act is effective and whether it enables WaterNSW to deliver water in an efficient safe manner, including a published issues paper and final report
- a licensing and approval framework review that will help NRAR advise the department on improvements
- reviews of the water sharing plans with some reported and published and more to be completed by June 2021

More thoughtful data and information release to increase clarity of rules including:

- publishing reasons for decisions on s.324 - temporary water restrictions on access licences
- pushing strongly towards open data standards for more licensing – e.g. floodplain harvesting
- the publication of telemetry specifications and the negotiation of a data-access agreement between DPIE-Water, WaterNSW and NRAR to set out NRAR's access to data from telemetered meters

Using the best available technology and taking proactive steps to manage floodplain harvesting compliance including:

- a Floodplain Harvesting Measurement Policy which sets out the objectives, methods and rules for floodplain harvesting measurement – the new reform will give landholders access to near real-time data for storage volumes by using the latest in telemetry and metering technology
- a Healthy Floodplains Project reforming the management of water on floodplains through development and implementation of the floodplain management plan and floodplain harvesting program
- a Floodplain Harvesting Action Plan (in collaboration with MDBA) based on the findings of an independent review that examined policy implementation

¹ NSW Department of Industry, Reporting framework for significant water management decisions involving discretion (2018)

▶ FOCUS AREA 3

Deal with perception of unequal treatment of stakeholders

DPIE is committed to producing more equitable outcomes for water allocations and access to decision making processes for stakeholders with competing interests.

Some of the key DPIE current and planned initiatives include:

- creating an Aboriginal water coalition with representatives from peak Aboriginal organisations to work more effectively together
- improving the cultural understanding of staff through an Aboriginal engagement strategy
- developing a water recovery HUB with new rules and regulations, water recovery programs and other ways to achieve environmental outcomes

DPIE recognise the need to improve the information exchange with the community.

Some of the key DPIE current and planned initiatives are summarised below.

Improved external engagement practices including:

- water reference panels, meeting quarterly as the interface between government and key stakeholders, with coastal groups being the first groups of focus
- engagement outcome reporting to be standardised and minutes of all meetings published
- a planned webinar by a united government front that demonstrates how floodplain harvesting and the regulatory framework will protect environmental outcomes

Improved internal arrangements and stakeholder management systems including:

- an injection of additional resources for communications and engagement
- a community and engagement policy based on IAP2 principles
- a new management system - a database to host engagement schedules (Borealis) and software that enables timely information about engagement activities to be sent via text message, email or letter

▶ FOCUS AREA 4

Improve clarity, timeliness and consistency in engagement and communications

▶ CASE STUDY

Improving the understanding of floodplain harvesting

DPIE is committed to improving the understanding of floodplain harvesting. Current and planned initiatives are shown below.

Increased Evidence-based communications including:

- a published Healthy Floodplains project fact sheet
- a published set of answers to frequently asked questions in response to the NSW Parliament's upper house disallowing the Water Management Amendments Regulation 2020 that would provide legal certainty of forms of floodplain harvesting
- a published environmental outcomes and downstream outcomes report on each valley that underpins draft rules

More strategic engagement and partnerships including:

- an extensive community consultation with over 250 events and 760 participants (already conducted with reporting completed)
- a series of webinars for the Floodplain harvesting measurement policy
- working with champions in the industry to empower communities to understand and dispel myths around Floodplain harvesting

Appendix D: Further details on stakeholder feedback

Stakeholders acknowledge improved information provision but significant steps are needed to reduce complexity and increase justification on decisions.

▶ FOCUS AREA 1

Make water market data and information more transparent

When prompted, many stakeholders acknowledged improvements in data/information provided on websites but suggested there is scope to do more

- There is more information available in the public domain and aggregating this into dashboards is more user friendly
- But this isn't new information and is only an element of the story – with missing elements, stakeholders are unable to build a clear picture and this breeds suspicion
- Finally, the data dump approach can be harmful if not distilled and communicated in a way that is readily digestible

But they acknowledged this is not the 'main game'

- Improved transparency is more about better processes around policy changes and communicating what these changes mean and better justification for actions/rules that have been made
- DPIE should focus on proactively releasing more modelling data, reducing the likelihood of duplication in efforts
- DPIE should be providing more information to advisory groups e.g. meeting minutes

Water literacy has improved in the last seven years – but there is still an important education/communications role for DPIE here

- There are a large proportion of stakeholders not in the 'inner circle' of understanding that need additional support
- To educate a range of stakeholders with varying levels of understanding, multiple avenues of communication are better than 1
- DPIE needs to step up and correct myths through more effective management of social media



"I am still unable to see the number and location of unlawful structures and who is extracting what ."

"Greater trust should be placed in communities to use the data made more easily and readily accessible."

"The dashboards are good but there is a long way to go in terms of educating people about what exists to support them"



Stakeholders unanimously praise NRAR for dramatic improvements in compliance and enforcement but recognise exposed anomalies in rules and inconsistency in implementation.

▶ FOCUS AREA 2

Increase the effectiveness of compliance and enforcement

There is almost universal respect and praise for NRAR, who are setting the benchmark in engagement and acting impartially (helped by its governance arrangements)

- The establishment of NRAR was a clear solution to tackle a specific problem with a clear mandate, scope and visible achievements – a model being emulated by the commonwealth now
- They have good engagement, speak strongly at meetings, communicate their role and engage with an even-handed manner
- They have a strong risk-based approach to prosecution and communicate this well - they don't have the resources and not all breaches warrant prosecution

.....

But the existence of NRAR has revealed a lot of anomalies in the rules that we are now working through

- NRAR have been put in a position to enforce rules with too much room for interpretation and impossible to follow for some
- The underlying framework is so complex in design that people don't know how to comply
- 65% of respondents in the NRAR community benchmarking survey have reported it is becoming more difficult to comply with the laws

.....

There is scope to improve implementation - the compliance transition has not been smooth

- Implementation of metering and telemetry devices are highly costly and metering rules were not thinking about the audience
- There are serious issues in telemetry functionality (there is no system that lets you put telemetry on the pumps)
- There are entire sections of rivers that will not be getting a meter



"NRAR is visible, contextually relevant and measurable"

"There are instances where its illegal to release water but at the same time illegal to hold water on the property"

"Farmers have the technology to micro-analyse everything on their farm, but the Department says there is great difficulty in metering achieving accurate measurements"



Stakeholders have yet to see DPIE's intent translated into more even access to decision making processes or perceived outcomes

FOCUS AREA 3

Deal with perception of unequal treatment of stakeholders

DPIE is clearly feeling more pressure here and is definitely making an effort to be available to all stakeholders with more discussions on who gets what, when, where and why.

But stakeholders aren't confident this has translated into more even treatment / outcomes:

Northern irrigation are concerned they have been 'pushed to the side' as the Matthews report warned

- Specific actions like the embargo in February last year, suspending the water sharing plan felt unfair to those upstream
- There is concern DPIE has an issue with inertia and risk aversion in real engagement, suggesting engagement with irrigation must continue with clear processes
- They don't feel supported enough in dispelling the spread of misinformation and the industry is now looking bad as a result of this

Downstream stakeholders are concerned that irrigation / economic interests still trump environmental/community interests

- There is sentiment that communities and rivers need to be put first without exception – i.e. ahead of personal/other interests (as per the Water Act)
- Examples benefiting the extraction industry include s324 embargo lifting, changes in Water Sharing Plans and most recently, leaked emails of fortnightly meetings with three of the top lobbying groups
- Some suggested DPIE should apply more push back on the irrigators instead of apologising for them

Indigenous sentiment reflects a framework that is broken, misunderstood and out of reach from funding providers

- These groups still feel there is no opportunity for affordable purchases, stemming from an absence of a purchasing policy and strategy in place
 - There is fundamental belief that water for environmental and cultural needs should be cheaper
 - Ultimately, trust will fall short until there is meaningful legislative change for water purchasing power
-

Some argue the formal engagement processes have improved, but the informal processes – the intimacy with some stakeholders – has not

- Improvements in formal engagement is undermined by repeated evidence of more regular and intimate relationships with industry representatives
- The overarching sentiment is it is not appropriate to give a greater level of access to one group over another, whether it is done formally or informally
- DPIE are probably not aware of this as it is cultural – with some questioning if DPIE staff have undertaken ethics training



"A lot of officials have been overly hesitant of engaging with irrigators "

" There are too many instances where towns need to rely on Bore water or bottled water delivered "

Analogy for water purchasing ~" you can give someone a license, teach them how to drive but it won't make a difference if they can't afford a car "

In reference to the leaked emails – "while this persists, it is hard for trust to improve "



Stakeholders feel engagement is not hitting the mark and needs to be re-designed towards best practice.

FOCUS AREA 4

Improve clarity, timeliness and consistency in engagement and communications

There is certainly a lot more engagement (DPIE gets some credit for trying here but more engagement is not necessarily better engagement).

- The department are trying to do too much, too quickly
- Multiple engagements at the same time is confusing
- Most stakeholders don't see a need to deliver reforms quickly and this can undermine effective engagement – this should be less about speed and more about steady, purposeful progress

Criticisms of DPIE's approach include:

Too technical (sometimes this feels deliberate), making it hard for those who are not 'schooled' in water management to engage (with the link back to policy not always clear).

- Examples include recent webinars that go into the technical details too quickly, without adequate framing and the submission for floodplain harvesting in water sharing plans
- Consultations are sometimes conducted with scientist/engineer's terminology – communities need plain English at their level of understanding

Typically, 'tell and sell' i.e. ticking the box on decisions already made (with no engagement beyond the slides)

- There is a high level of inflexibility because usually a decision is made - the public can't be confident in transparency through retrospective endorsement
- Consultation then becomes informing, rather than a genuine intent to listen
- The process should be community led, and engagement should look for practical outcomes from these groups.

Fragmented – different parts of DPIE and other water agencies don't know who is doing what

- Communication between various arms and projects seem non-existent e.g. the Healthy Floodplains project and the team running RWS don't appear connected
- Agencies don't appear to coordinate, with examples mentioned of WaterNSW and DPIE duplicating engagement and causing fatigue
- Some suggested to have an engagement strategy that is across all departments and agencies and there should be more united consultation.

Lack of follow through in engagement practices

- Stakeholders report few instances where there are follow-up action lists
- There are too many occurrences where questions/issues redirected to other agencies
- There is no or very slow responses to questions taken on notice during engagement

But there are some 'pockets' of good practice:

- The Western Weirs initiative was a good example of agencies 'on the same page'.
- RWS strategies Aboriginal engagement & CAG group meetings were referenced useful



" The department is trying to fit 10 years worth of engagement into 1 "

" If you join a specific webinar cold, you have no idea what is being talked about "

" It appeared like a lot of the decisions were already a done-deal and they were just going through the motions ... the rest was just window-dressing "

" Cross-purpose consultation from different silos creates confusion & fatigue "

"There was no checking back with us to confirm what was said"

"First Nations engagement in RWS is a strong signal of intent"



Appendix E: List of Agencies and stakeholders consulted

We engaged with non-government stakeholders to test what extent DPIE are 'on the right track' with current/planned initiatives

Stakeholder group	Group / people consulted
Irrigation industry	<ul style="list-style-type: none"> • Rachael Strachan, Irrigation Industry Rep for Lower-Darling • Tim Vandenburg, SWWU (<i>apology</i>) • Howard Jones, SWWU (<i>apology</i>) • Nerida Healy, SWWU • Alan Whyte, SWWU <hr/> <ul style="list-style-type: none"> • Claire Miller, NSW Irrigators, Interim CEO • Christine Freak, policy officer • Jim Cush, Irrigation Industry Rep for Northern NSW tributaries • Rachel Kelly, Policy Manager, Ricegrowers' Association (<i>apology</i>) • Joe Robinson, Irrigation Industry Rep for Barwon-Darling
Other Farming	<ul style="list-style-type: none"> • Nick Savage, NSW Farmers • Courtney Dillion, Policy Advisor, NSW Farmers • Brendan Guiney, Water Directorate • Cr Jane MacAllister, Cr for Wentworth Shire
Local government / Council	<ul style="list-style-type: none"> • Jeff Sowiak, Local Government Rep for Barwon-Darling • Shaun McBride, Local Government NSW • Sanjiv Sathiah, Local Government NSW <hr/> <ul style="list-style-type: none"> • Shane Burns, Local Government Rep for Northern NSW tributaries
Environmental Water	<ul style="list-style-type: none"> • Emma Carmody, Environmental Defender's Office Rep • Bev Smiles, President Inland Rivers Network • Don White, Chairperson Nature Conservation Council • Melissa Gray, Nature Conservation Council • Emma Bradbury, Murray Darling Association

We engaged with government agencies to draw inspiration

Water Management Agency	People consulted
NRAR	<ul style="list-style-type: none">• Timothy Gilbert, Director Capability and Coordination• Ryan Lynn, Senior Project Officer• Ian Bernard, Program Lead - Regulatory Systems Assurance
Sydney Water	<ul style="list-style-type: none">• Kathy Hourigan, General Manager Customer Services
Murray Darling Basin Authority	<ul style="list-style-type: none">• Megan Winter, General Manager• Vicki Woodburn, Executive Director, Basin Strategy and Knowledge• Amy Walsh, Assistant Director
Water NSW	<ul style="list-style-type: none">• Andrew George, CEO
Hunter Water	<ul style="list-style-type: none">• Emma Berry, Program Director Water Resilience• Keiran Smith, Group Manager Communications and Engagement
Department of Agriculture, Water and Environment	<ul style="list-style-type: none">• Dr Peta Derham, Executive Director• Adam Sincock, Director, Urban Water and International Engagement• Damien Bond, Assistant Director Purchase and Northern Infrastructure• Carl Warburton, Director water regulation• Stephanie Drago, Floodplain research analyst

We engaged with members from across DPIE to understand current and planned initiatives to improve trust and transparency

DPIE Representatives

- Catherine Parker, Director, Communications
- Mitch Isaacs, Chief Knowledge Officer
- Peter Hansen, A/Manager Water Relationships
- Linda Barach, Manager Water Relationships
- Peter Hyde, Director of Inland Water Planning
- Anna Bailey, Director Coastal and Groundwater Planning
- James Mctavish, Cross Border Commissioner & Regional Town Water Supply Commissioner
- Tracey Macdonald, Director SDLAM Enabling
- Darren Murray, Manager Aboriginal Policy and Legislation
- Derek Rutherford, Director Water for the Environment
- Justen Simpson, Water governance
- Debbie Love, Major Projects, DPIE Biodiversity and Conservation
- Paula D'Santos, Senior Team Leader for the South-west Environmental Water and Floodplain unit
- Daniel Connor, Director of floodplain harvesting
- Richard Davies, Community engagement for the Environment division
- Stuart McMahon, Community engagement for the NSW National Parks and Wildfire Service
- Kaia Hodge, Executive Director Regional Water Strategies

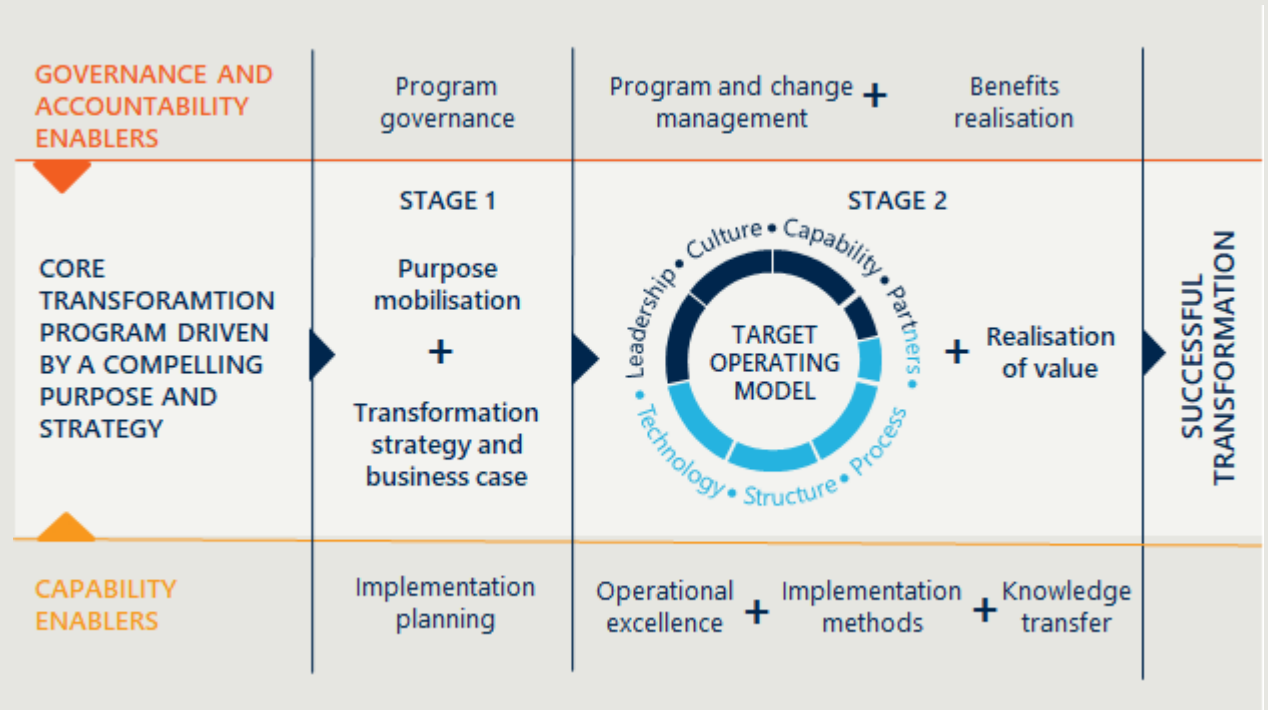
Appendix F: Nous Transformation Delivery Model

Nous' transformation delivery model focuses on the areas that add substantial value, enabled by the right governance and capabilities.

1. The core transformation program is driven by a **compelling purpose and strategy** that aligns effort to outcomes, not planned activities (**middle row**).

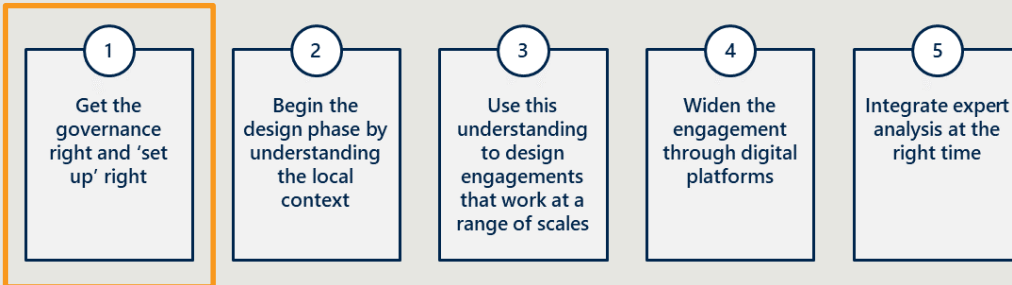
2. Establish **strong governance and accountability** mechanisms that put your leaders at the helm of the transformation (**top row**).

3. Share expertise and invest in the **knowledge and capability** of your people to ensure you achieve sustainable results (**bottom row**).



Appendix G: Nous Large Scale Stakeholder Engagement Model

There are several key design principles for large scale engagement. (1/5)



Any large-scale engagement (and indeed, all organisations) performs best when effective governance arrangements are in place. The elements of good governance, and its application in the context of large-scale engagements, are explored below.

What's important and why ?

Create the right governance structures. Drawing on Nous' Five Pillars of Governance, we recognise that the best governance systems:

1. Provide clarity and efficiency regarding roles and decision rights
2. Set direction in regard to mission, strategy and culture
3. Define and allocate accountability
4. Foster effective relationships (within and across stakeholder groups)
5. Maintain governance integrity

Comprehensively scope the project

The value of engagement lies in the extent to which the process enables the exploration and reconciliation of diverse perspectives and needs to inform decisions. Engagement – in and of itself – is insufficient to deliver public value. Therefore, it's important to consider this engagement activity as a component of a broader project, and to ensure all activity contributes to meaningful objectives, outputs and decisions. Good project governance practices include defining measures of success, boundaries, dependencies, risks and mitigation strategies and assumptions.

Actively manage risks

Actively identifying and managing engagement risks is a critical element of good governance. Risks should be identified and managed throughout the project to ensure engagements are successful and participants have a good experience with the process.

Set up and communicate the narrative

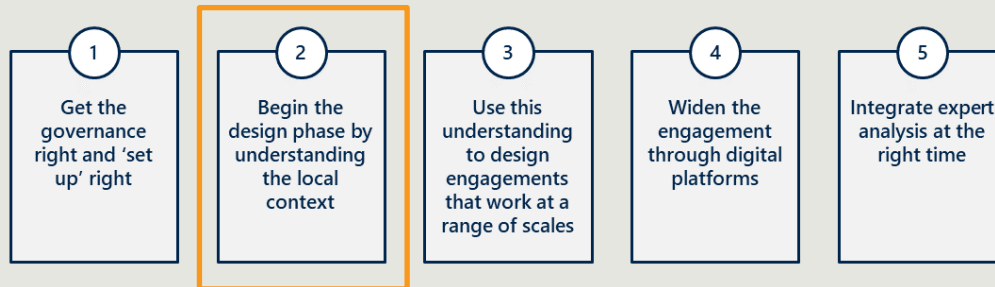
A clear articulation of the context in which these engagements have arisen (including the scope of issues that are on the table for discussion), and the current state of the engagements (including who has and will be consulted, on what topics, and the timing of engagements) that grounds this project will be crucial to ensure stakeholders understand the purpose and scope of these engagements.

Assign and communicate accountability

For any large-scale engagement to be successful, stakeholders must be confident that their contribution (perspectives, preferences and priorities) will be valued, i.e. both heard and considered. This can be achieved by clearly articulating who is responsible for the engagement, how this engagement process differs to previous approaches and how outcomes will be used.

1. Get the governance and 'set up' right

There are several key design principles for large scale engagement. (2/5)



Place-based engagement demands a sound understanding of the social landscape (or relationship networks). A view of this social landscape is best developed by engaging with the individuals who offer a deep understanding of their unique local context.

What's important and why ?

2. Begin the design phase by understanding the local context

Identify individuals with deep understanding of local context

A relationship-based engagement demands a deep understanding of the local context. Typically, this understanding is held by those who have established working relationships in place. Such individuals can provide local insights into who the relevant stakeholders are in the area, when best to talk with them, and what will work in terms of engagement.

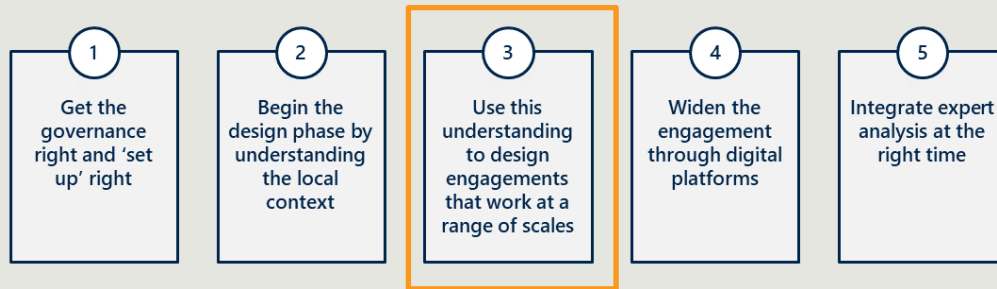
Uncover local context and insights

To win community support and to inform the design of the engagements it is important to understand local stakeholder perspectives. These local stakeholders must be empowered to provide their honest and frank opinions as to how engagements should be designed to provide the best experience for them and their community.

Engage Traditional Owners, Elders and community leaders

The Traditional Owner and Aboriginal Community Engagement Framework, based on the principles of empowerment and self-determination, articulates DPIE's commitment to engage with Traditional Owners, Elders and community leaders.

There are several key design principles for large scale engagement. (3/5)



The engagement approach must integrate local context and best-practice engagement methods so that:

- the approach draws on the social landscape and is scalable,
- relevant data is generated to inform and shape engagement, and
- insights about the process and options are integrated throughout to ensure a positive experience and generate actionable outputs.

What's important and why ?

Determine sensible geographic 'regions' for engagement effort

The phase of understanding local context must include determining the sensible and meaningful geographic 'scope'.

Co-design engagement approach to ensure consistency and scalability

When the primary intent of the engagement is to listen and reconcile varied and diverse local perspectives, preferences and needs, it is critical that the process of engagement works at a range of scales. This can be achieved through the design of a process that is repeatable, regardless of scale – to gather aggregable data – and customisable – to meet the unique needs of each cohort. Further, the experience of engagement should be maximised to provide:

- Enriched conversations about issues and perspectives in the community
- Simple and effective activities that encourage and support others to participate
- A diversity of voices and opinions and participation of people
- A process where voices are heard, valued and understood and represented accurately.

Pilot your engagement approach

A 'pilot' of the engagement approach is a useful way to test the approach with a select group of stakeholders who have a strong understanding of the different regions, before fully rolling out the engagements. Running a pilot is an important part of the planning process for three key reasons:

To obtain feedback from the selected stakeholders on the design of the engagements and whether the tools and mechanisms are appropriate.

1. To instil confidence in the group of the engagement team's ability to undertake large scale engagement, and to obtain the group's buy-in and support of the engagement process.
2. To set the engagements up for the best chance at success and mitigate against any adverse social media or community reactions.

Use data iteratively to support and inform engagement

Large scale engagements can generate significant amounts of data, and it is critical that this data is gathered in a manner that supports aggregation and analysis. This data can be gathered throughout the engagement to illustrate both the 'bigger picture' and regional trends or priorities. Both the data, and the experience of reporting it back to stakeholders, can be extremely persuasive in understanding options and reinforcing the intention of the engagement effort.

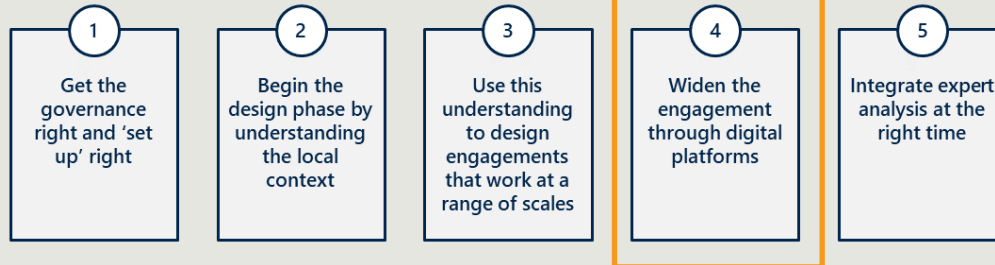
Conduct summit to integrate and synthesise options

One or more 'summits' are often helpful to bring together engagement insights and synthesise outputs. Such forums also enable unresolved issues that have emerged from the engagement process to be addressed.

Such summits should bring together a cross section of all key stakeholders to 'land' key conclusions. Such a process is a powerful mechanism to demonstrate that outputs are valid. Summit(s) must be expertly facilitated to be forward looking, to give everyone in the room 'a say' and to drive towards conclusions and tangible actions.

3. Use this understanding to design engagements that work at a range of scales

There are several key design principles for large scale engagement. (4/5)



Digital platforms can be used to extend access, share information transparently and test or validate propositions. These elements, and application in your context, are explored below

What's important and why ?

4. Widen the engagement through digital platforms

Use digital platforms to extend access

Digital platforms (such as online forums and surveys) are an effective tool for large scale stakeholder engagements and can be used throughout the engagement process. They can enable engagement with a wider group of people (e.g. general members of the public) to capture a more diverse and greater number of views.

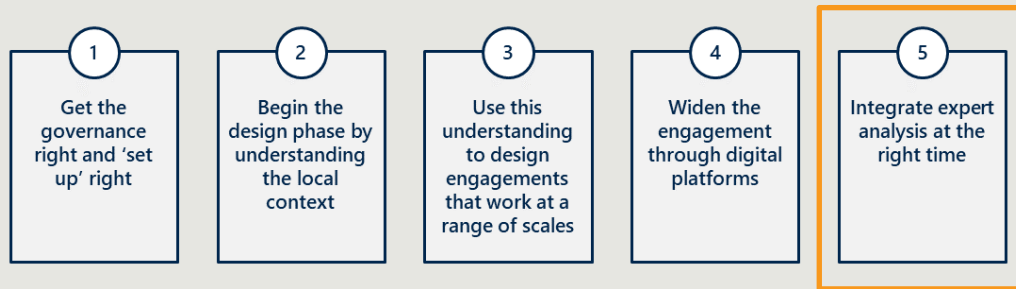
Use digital platforms to share information transparently

In the spirit of high levels of transparency, digital platforms allow results from engagements to be 'posted' online immediately following engagements, for all to access.

Use digital platforms to test or validate propositions

Online or digital platforms provide the opportunity for stakeholders to continue to contribute to the discussion or to engage with those who were unable to attend a face-to-face event.

There are several key design principles for large scale engagement (5/5)



Experts, research and scientific evidence could bring significant value to the public discourse on the use, access and management of NSW water. This critical element, and application, is explored below.

What's important and why ?

5. Integrate expert analysis at the right time

Bring in expertise and data at the right time

Expert analysis is often provided at the start of projects. However, in our experience, stakeholders rarely engage with expert opinion early in an engagement process as it is often seen as the government 'not listening' to stakeholder views. Consequently, at the start of the engagement, we propose only 'light touch' framing of problems that is informed by expert opinion.

nous

About Nous

Nous Group is an international management consultancy operating in 11 locations across Australia, the UK and Canada.

For over 20 years we have been partnering with leaders to shape world-class businesses, effective governments and empowered communities.

400

PEOPLE

11

LOCATIONS

3

COUNTRIES