

Town Water Risk Reduction Program

Stakeholder Advisory Panel meeting #17

22 June 2022

What we will cover today



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Acknowledgment of country

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Acknowledgement of country

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



Declarations of conflicts of interest & apologies

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Declarations of interest



- **Cr Bill West** – Cowra Shire Council – TWRRP IWCM Pilot
- **Ms Jenny Bennett** – Central NSW JO – Regional approach to local water utility through IP&R - strategic planning pilot project
- **Mr Graham Kennett** - Kyogle Council - Potential WaterNSW pilot
- **Dr Annalisa Contos** – Atom Consulting – Griffith City Council IWCM pilot, Incident and emergency management project

Actions arising from
previous meeting

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Actions arising from previous meeting

- **Action 15.3** TWRRP to prepare a one-page overview of the WaterNSW river water qualities document and place on web page - In progress
- **Action 16.1** Review section 60 language around clarity of councils' responsibility for service and delivery risks
- **Action 16.2** Meeting with Regional Water Strategies to apprise it of the new Regulatory Framework
- **Action 16.3** Arrange water modelling sessions with Kyogle Councils and WaterNSW
- **Action 16.4** Send Panel members an update on the Quality Assurance Framework prior to the next meeting

Stage 1 Alternative funding models - Frontier Economics presentation

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Alternative funding model - Project outline



Project scope

- Compare the operational and financial performance of Local Water Utilities
- Investigate the extent that financial capacity drives operational performance
- Explain factors that affect Local Water Utilities' performance

Project objectives

- Provide an evidence base for decision makers on the financial and operating performance of the sector
- Provide insights on key factors that affect Local Water Utilities' performance
- Inform the consideration of potential future Local Water Utility funding models.

Key areas of analysis and investigation

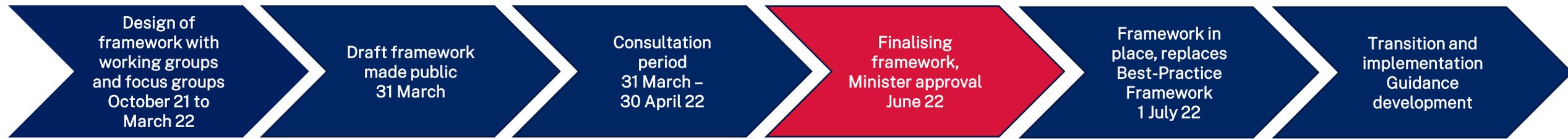
- Revenue, costs and drivers

Regulatory and Assurance framework - update

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Where are we at?

- Framework is with Minister for approval and in place from 1 July
- “What we have heard” feedback summary ready to be published on 1 July
- Developing guidance material to support expectations set in framework
- Internal implementation, processes and quality assurance system
- Transition and implementation for local water utilities (s60 and IWCM strategies in progress)



Recap - Implementation of the framework



Implemented on 1 July

- Minister approves Regulation and assurance framework for local water utilities
- Relevant sections are gazetted
- Delegations in place
- Quality Assurance framework in place
- Guidance on using IP&R Framework for local water utility strategic planning published
- Training for Water Utilities team for risk based regulation
- Regulator collaboration framework endorsed by all regulators and published

Section 60: Assessment and approval of works at 1 July

- Application form available online, ability to track applications 60 day 'clock'
- External guidance published for applicants
- Internal process in place for assessing and approving applications as, received
- Clarity about all applications currently with the department and a plan for transition

Strategic planning at 1 December

- Commenced plan for engaging with each of the 40+ utilities undertaking IWCM strategies - to meet 'no disadvantage' commitment
- Guidance for each of the 12 strategic planning outcome areas by 1 October 2022.
- Assurance of strategic planning fully implemented by 1 December

Guidance development – Strategic planning outcomes



Strategic planning	Delivery	Status
<i>Strategic planning outcomes</i>		
Understanding water security	TWRRP, DPE Water Utilities team and external service provider	Progressing DPE scope Procurement underway
Understanding water quality	TWRRP and NSW Health	Progressing
Understanding environmental impacts	TWRRP and EPA	Progressing
Understanding system capacity, capability and efficiency	External service provider	Procurement underway
Understanding other key risks and challenges	External service provider	Procurement underway
Understanding solutions to deliver services	External service provider	Procurement underway
Understanding resourcing needs	External service provider	Procurement underway
Understanding revenue sources	External service provider	Procurement underway
Make and implement sound strategic decisions	External service provider	Procurement underway
Implement sound pricing and prudent financial management	External service provider	Progressing (Frontier Economics)
Promote integrated water cycle management	DPE Water Utilities team	Progressing

Guidance/internal process development – Strategic planning

Strategic planning	Delivery	Status
<i>Additional strategic planning guidance</i>		
Using the IP&R framework for local water utility strategic planning	TWRRP	Progressing will be delivered for 1 July
Incident and emergency management guidance for strategic planning	External service provider	Progressing (Atom Consulting)
<i>Strategic planning assurance</i>		
Strategic planning assurance – Internal process	External service provider	Procurement underway

Guidance/internal process development

Approval of works (section 60)	Delivery	Status
Approval of works (s60) - Guidance	External service provider	Progressing (Arup) will be delivered for 1 July
Approval of works (s60) - Internal process	External service provider	Progressing (Arup) will be delivered for 1 July
Approval of works (s60) – Application portal and IT system	TWRRP & Water Knowledge Division	Progressing (minimum viable product for 1 July)

Other internal to support implemetation	Delivery	Status
Internal quality assurance – Report for implementation	External service provider	Delivered (Nous); see agenda item 6
Internal ways of working – Report for implementation	External service provider	Delivered (Nous)

Other progress

- Performance monitoring – Indicator set to be finalised for consultation
- Regulator collaboration framework endorsed by all regulators
- Transition for local water utilities (s60 and IWCM strategies)
- Risk-based regulation training for Water Utilities team (June to September)
- Delegations will be in place for 1 July

Quality assurance - update

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Quality assurance - update

An effective approach to quality assurance allows the department to demonstrate that department is:

- supporting achievement of the vision and objectives defined in the regulatory framework.
- satisfactorily addressing the risks that the framework seeks to manage.

To achieve this, the department requires a quality assurance framework that balances the achievement of two objectives:

- Ensuring that the department is managing the key risks flagged in the framework and its work with local water utilities.
- It helps leaders within the department to understand how the department is performing as a regulator, and ensures resources are being allocated efficiently and effectively.

Internal quality assurance measures

Potential focus areas <i>From AS ISO 9001:2016</i>	Definition
Context	The department understands and take into consideration external and internal factors needed to support its regulatory functions
Leadership	Leaders across all levels of the department are committed to the success of the regulatory framework. They demonstrate their commitment by providing sufficient resources and clearly communicating roles, responsibilities, and authorities clear.
Planning	The department have in place a clear plan on how to address risk and opportunities related to its regulatory functions.
Support	The department ensures sufficient resources are allocated to deliver its regulatory objectives, and carefully monitor their use and effectiveness
Operations	The department has in place processes and documentation to support it's of the framework and guide performance of its regulatory objectives.
Performance evaluation	The department have in place a process, systems, and capability to assess its performance against the objectives define in the regulatory framework
Improvement	The department is committed to continuous improvement, including managing nonconformities, solving problems, error-proofing, and taking corrective action when required.

Internal quality assurance measures

The department's initial areas of focus are:

Context

- **Internal understanding:** Staff and leadership clearly understand the department's regulatory role and approach, and understand their role in implementation and administration
- **Alignment with vision:** The department's regulatory activities are aligned with sector vision and objectives, as outlined in the new Regulatory and assurance framework.

Leadership

- **Clarity of roles:** Roles and responsibilities are clearly identified and allocated, and required activities are understood by staff responsible for execution
- **A common understanding of success:** There is a clear articulation of what success looks like, and leadership are aligned in communicating this to staff and stakeholders
- **Allocation of resources:** Resources and effort are managed effectively, in a manner consistent with the department's risk-based and outcomes-focused approach

Support

- **Consistency of understanding:** There is a clear understanding of how work should be conducted that is consistent across leaders, managers and teams
- **Risk identification and management:** Leaders scan for potential challenges and work to manage them. Staff feed insights and intelligence to leaders to support early identification of risks and challenges.
- **Capability and uplift:** Training, development, and recruitment are directed at identified skill and capacity gaps

External quality assurance measures



In addition to measuring our own performance, the department must also measure the external impact of the new regulatory framework to ensure it is achieving its intended outcomes.

Potential focus areas	Definition [Proposed measures]
Accountability and transparency	The department can demonstrate that it is both accountable and transparent in its regulatory and advisory roles. It can also demonstrate both impartiality, and satisfy perceived risks of impartiality.
Decision-making structure	The department should be able to demonstrate that internal processes and governance arrangements support regulatory integrity and transparent decision-making. Decision-making should be consistent with the regulatory framework.
Performance monitoring	The department can demonstrate that it is aware of the impacts of its regulatory actions and decisions, helping drive improvements and enhance systems and processes internally.
Role clarity	The department should be able to clearly articulate and demarcate its regulatory roles. Objectives and activities should be clearly distinct from the remit of other regulators. The department should be empowered to co-operate and co-ordinate with other bodies in a transparent manner.
Collaboration and stakeholder engagement	<p>The department should be able to clearly demonstrate that it is engaging effectively with stakeholders as part of achieving the objectives outlined in the new regulatory framework.</p> <p>The department can also demonstrate that it communicates in a transparent and responsive manner, implementing the new regulatory framework in a modern and collaborative way</p>
Risk-based and data driven	The department can demonstrate that it manages risks proportionately and maintain essential safeguards while minimising regulatory burden, and leveraging data and digital technology to support those they regulate to comply and grow.

External quality assurance measures

The department's initial areas of focus are:

Role clarity

- **Sector understanding of department's role:** Objectives of the framework and the department's regulatory role are clearly understood by local water utilities
- **Sector understanding of their responsibilities:** Regulated parties are supported to work effectively within the new framework, and understand how and where the department is able to provide assistance and support.

Accountability and transparency

- **Transparency of decision-making:** Regulated parties understand how and why decisions are made.
- **Appropriateness of the review process:** The department is accountable for its decisions, and uses the review process to quality assure its decision-making.

Collaboration and stakeholder engagement

- **Breadth of engagement:** The department works with the majority of regulated parties on a regular basis, rather than focusing solely on specific parties.
- **Communication of expectations:** There is regular communication about regulatory expectations and proposed approaches.

WaterNSW pilots - update

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WaterNSW Pilots – Dam Safety



Participating councils	Clarence Valley Council, Orange City Council and Tamworth Regional Councils
Purpose	<p>Identify and develop strategies and specific, achievable time-based plans to improve regional local water utility dam safety compliance and asset risk management performance.</p> <p>WaterNSW is using its dam safety expertise and established relationships with consultants/technical experts in the industry.</p>
Progress to date	<p>WaterNSW conducted surveys to assess the ‘maturity’ level across the dam safety activities undertaken by each council. Evaluated against an internationally applied benchmarking system for dam owner safety management systems.</p> <p>Site visits conducted to all councils between late April and early May 2022 (to understand where the councils were placed with regard to key compliance issues).</p> <p>WaterNSW is currently identifying possible gaps in each council’s existing systems and determining how it can best build upon what is in place and efficiently help improve overall compliance and reduce risks.</p>
Next steps	<p>By the end of June 2022, WaterNSW will recommend key priorities for the councils to consider, including estimates on what each would cost to deliver (provided to the pilot councils for discussion).</p> <p>Council comments will be considered and a final report to be completed for each council by 31 July 2022.</p>

WaterNSW Pilots – Integrated River Systems Operator



Participating councils	Hay Shire Council and Murrumbidgee Council.
Purpose	<p>Explore if there is an opportunity for SOCs to support local water utility bulk water operations to better:</p> <ul style="list-style-type: none">• integrate water quantity and quality outcomes• align monitoring and risk mitigation operations during routine, incident and drought conditions• Improve access to timely information, data and alerts regarding water quality challenges, reducing the degree of reaction and response to feedback from customers, and• align local water utility strategic planning on a catchment/valley basis. <p>WaterNSW will engage with the councils and key stakeholders to develop a concept raw water based operations strategy and drought response plan for each council, and develop drought management and operational plans in partnership with each council.</p>
Progress to date	<p>The pilot commenced in May 2022. WaterNSW conducted extensive data gathering in consultation with the councils and other key stakeholders including NSW Health.</p> <p>WaterNSW conducted a site visit to Hay in late May and to Jerilderie (Murrumbidgee Council) on 15 June.</p> <p>Risk identification workshops were held for each council in Jerilderie on 16 June.</p>
Next steps	<p>A Draft Operations Strategy and Drought Plan will be prepared for each council by early July</p> <p>A workshop will be held with the participating councils, DPIE Water by mid-July.</p> <p>The final report and associated documentation to be developed by 31 July.</p>

WaterNSW Pilots – Catchment management (in final scoping)



Participating councils	Tweed Shire Councils
Purpose	<p>To explore opportunities to support Council with catchment management and raw water supply challenges. WaterNSW will identify opportunities to adopt or adapt the systems, tools and capability currently used in Greater Sydney, while recognising the differences in the circumstances between Sydney and regional catchments.</p> <p>Consideration would be given to whether such an approach could be rolled out more broadly across the State.</p>
Progress to date and next steps	<p>The pilot is currently in final scoping and is proposed to take place in two phases:</p> <ul style="list-style-type: none">• By 31 July 2022 – WaterNSW will undertake an assessment of the Council’s existing water quality risks, including their sources and any mitigation arrangements to identify opportunities to strengthen and improve water quality outcomes. Agreement will be sought from council on the implementation of approaches to mitigate against high priority catchment management and raw water quality risks.• By end of December 2022 – implementation by Council of high priority catchment management risk mitigation measures.

Implementation of skills and training- update

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Skills and training

Overcoming barriers for RTOs to coming into the market

- Advising current and future RTOs on water sector needs
- Extensive national stakeholder engagement with training and water sector on a business model for the management of training materials for accredited training
- Risk management unit of competency developed by department with NSW Health – to be distributed free to RTOs

Support attraction and retention of staff

- Collaborating with Water Directorate and NSW Public Services iTAB on a pathway for water operations to be a recognised as a trade

Promote and support training in NSW

- Finalising Water Industry Skills Strategy with Training Services NSW
- Considering how to best support engineering and technical skills and training, including engaging with the Australian Graduate School of Management – UNSW, who are developing a graduate certificate in Water Utilities Management
- Developing future options for the role of the department for water training and support

Other matters raised by Panel members

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Next meeting and a look
ahead

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Next meeting and a look ahead

Next meeting Wednesday 27 July 2022 (9.30am)

- Draft report - Stage 1 alternative funding models
- Evaluation framework – update
- Regional collaboration pilots - update
- Regulatory and assurance framework - update

Items for noting

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Implementation update

Actions to deliver and implement



Framework implementation and DPE Water change

DPE Water Utilities team working with the TWRRP team on the changes needed to implement the actions arising from the Town Water Risk Reduction Program

Actions to date

Formation of project teams for preparation of internal and external guidance, processes and templates

Quality assurance framework development

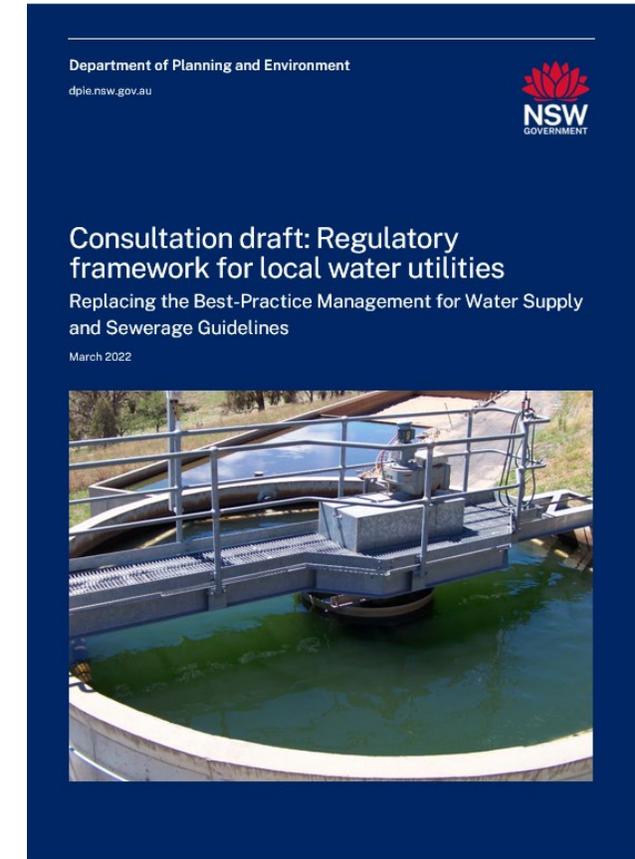
Implementation and transitional planning for the new Regulatory Framework underway

Preparation of draft internal and external guidance, processes and templates for section 60.

Planned in the next month

Continued preparation of internal and external guidance, processes and templates

Regulatory capability training program delivery (from late June)



DPE Water change program



DPE Water Utilities team is currently taking part in a change program

Change program drivers

Right structure, resources and systems in place to support the urban water sector

Proactively build culture of the team and follow through on the collaboration training undertaken last year

Strengthen our reputation for consistently providing excellent service to our customers and stakeholders

Realise synergies from addition of new teams to

Actions to date

Change professional engaged

Workshops completed to explore resources, staff training and development, internal systems and documentation

Alignment with TWRRP regulatory framework

Co-design workshops with staff

Planned in the next months

Draft Organisational design released

Learning and development identified and scheduled

Commencement of formal consultation

Finalisation of change program

Engagement summary

A. TWRRP engagement summary May/June 2022



Date	Who we met with	Issues covered
23 May 2022	IPART	Pre-release briefing for the Central Coast Council water prices determination
25 May 2022	DPE Water and Division (all staff across DPE)	Roles and Responsibilities Agreement for pilots with WaterNSW
26 May 2022	Bourke Shire Council and Cobar Shire Council	Remote support pilot
27 May 2022	Regional NSW Infrastructure Delivery Working Group (Southern region)	New regulatory and assurance framework and our councillor package
7 June 2022	TWRRP Pricing and Financial Management Focus Group	Pricing and financial management guidance for regulatory and assurance framework.
9 June 2022	Australian water and training sectors	Workshop on a national approach to water operator training materials
9 June 2022	Orana Water Utilities Alliance Technical Committee	Presented update on Town Water Risk Reduction Program activities

Town Water Risk Reduction Program

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