

Town Water Risk Reduction Program

Stakeholder Advisory Panel meeting #14

23 March 2022

What we will cover today



Acknowledgement of country and welcome	1	TWRRP evaluation - update	9
Declarations of conflicts of interest	2	Implementation - update	10
Actions arising from previous meeting	3	Panel member issues	11
Draft regulatory framework - update	4	Next meeting	12
WaterNSW pilots - update	5	Items for noting	13
Alternate funding arrangements - update	6		
Strategic planning pilots - update	7		
Councillor training - update	8		

Acknowledgment of country

1

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

2

Actions arising from
previous meeting

3

Actions arising from previous meeting



No outstanding actions.

Draft regulatory framework - update

4

Overarching feedback on the regulatory framework

Various stakeholders provided feedback on the framework overall. In particular, various stakeholders provide feedback that:

- Broad support that the regulatory framework is headed in the right direction, and support from local water utility representatives for the proposed risk-based and outcomes focussed approach.
- Various stakeholders provided feedback on the framework content (high-level and detailed)
- Further work and engagement is required to test some of the divergent views on the regulatory framework.
- The department may not have the capacity and capability to work in the way proposed by the regulatory framework (see implementations comments below)

Specific high-level feedback and responses are set out below.

Overarching feedback and what we changed

Feedback/proposed change	Response
Further work and engagement is required to test some of the divergent views on the regulatory framework.	Consultation draft makes clear that we will continue to engage with the feedback already provided and draws out further views on these issues by asking key questions (“we want to hear from you” chapter and questions in different chapters)
Clearer delineation of the department’s advisory, supporting and regulatory roles	Included in chapter 2, clearer articulation of interaction between regulatory role and advisory and support role (regulatory framework sets expectations and tests them, advisory and support role helps achieve them) Also included in the “we want to hear from you” chapter
Need to strengthen strategic planning outcomes around public health and water quality and pricing, generally, make clearer how outcomes address risks.	Improved section on expected strategic planning outcomes following discussion at Working Group meeting with additional feedback incorporated from NSW Health and Water Utilities Policy team. Key questions asked on this issue (“we want to hear from you” chapter and questions in different chapters)
There must be scope for emergency procedures for rapid strategic planning and infrastructure approvals in appropriate circumstances.	Included that the department may, at its discretion, consider alternative assessment processes to expedite applications under emergency circumstances where rapid infrastructure approval and construction is required.
Include criteria for collecting information (as opposed to listing specific information requirements in doc). For example, purpose of collection, use in understanding outcome, cost-benefit assessment of collection etc.	Included criteria in content Key questions asked on this issue (“we want to hear from you” chapter and questions in different chapters)
Include more information about how framework fits in with additional guidance or forms provided by the department.	Ability for DPE to issue regulatory guidance included (both guidance providing further detail on regulatory requirements and optional “how-to” guidance, tools etc) Key questions asked on this issue (“we want to hear from you” chapter and questions in different chapters)
Dividend assessment section is missing	Added dividend approval function linked to strategic planning assessment in new chapter
Include commitment to a ‘performance review’ of the implementation of the regulatory framework (using 2 years as a proposed timing)	Agree – actioned

Overarching feedback still to consider

Feedback/proposed change	Response
Commentary regarding the department’s legislative remit to regulate strategic planning	No change to framework document proposed. May need to conduct further stakeholder engagement to affirm scope of role.
Re strategic planning regulation, the department is not specifying a ‘five year’ review period or deeper review, just annual check ins? With just these over time could drift	Strong feedback that the current approach to regular review is not fit for purpose. Can consider further, however may be that by reviewing the impact of the regulatory framework can pick this up
60 days is an arbitrary period, 90 would be better	We consider this is a reasonable period, and aligns with other similar approval processes. However, we will investigate further when we develop the internal assessment and approval processes.
Reduce key performance indicators and benchmark data requirement in consultation with the LWUs.	Will continue engagement to achieve a streamlined indicators requirements (performance monitoring focus group).
Need for an independent technical review in processing of review of decisions.	Further consideration about when an external review may be required is needed.
Pause and take more detailed evaluation of feedback to ensure appropriate scope of risks is considered before committing to a final framework	Engagement rhythm (both undertaken to date, and future engagement planned through public consultation) will ensure that a variety of perspectives on the framework are captured. Pausing process risks not capitalising on momentum and interest generated from sector through development process.

Implementation considerations

Stakeholders provided a range of feedback that focused on concerns that the department may not be able to implement the regulatory framework as drafted.

- Further work and engagement is required to test some of the divergent views on the regulatory framework, and to ensure that the regulatory framework was appropriate and representative of the interests of all parties involved.
- Despite the intention of the department, and the risk-based and outcomes-focused approach to the regulatory framework, when implemented the department may simply perpetuate existing practices.
- The department may not have the capacity and capability to work in the way proposed by the regulatory framework.
- There is insufficient detail around implementation to really understand how this might work on the ground.
- There is a need for a governance and implementation plan to better coordinate how DPE staff work across the various tranches of engagement with LWUs and build sector capacity
- The need for cultural change in the department, to ensure a shift away from the current approach
- Alignment with IP&R framework, including developing internal capacity of DPE as a lead State agency in working with IP&R.
- Identification of inherent tension between DPE as the 'supporter' and 'overseer' and a regulator.

This feedback will be addressed through work to support the implementation of the new framework that will commence as soon as the draft framework is approved.

WaterNSW pilots - updates

5

WaterNSW pilots - update



Dam Safety pilot (CONFIRMED)

- Idea originally proposed by Clarence Valley Council in August 2021 consultation, following concerns about the resourcing impacts of recent Dams Safety NSW regulatory requirements/audit findings.
- WaterNSW has significant experience and expertise in dam safety management, and will work with a small number of pilot councils to:
 - undertake a maturity assessment to help the councils identify immediate and longer term issues,
 - develop an action plan to address these issues, and
 - provide an overview of indicative costs.
- The pilot will involve three councils that have recently gone through a Dams Safety NSW audit process (Clarence Valley, Orange City and Tamworth Regional).
- Scoping finalised and with commencement expected in March 2022.

WaterNSW pilots - update



River operations pilot (in scoping)

- Identified opportunities to leverage WaterNSW river operations – including water quality and quantity monitoring, analysis of information, and decision-making support.
- Initial conversations with Hay and Murrumbidgee councils, with the potential to expand to other nearby councils within the Riverina and Murray Joint Organisation (RAMJO).
- WaterNSW has indicated that it has capacity to undertake a pilot focussed on these issues and would work with the councils to tailor the pilot to their specific needs.
- Scope currently being negotiated with WaterNSW.
- Expected to commence in March/April 2022.

WaterNSW pilots - update



Catchment management water quality pilots (in scoping)

- WaterNSW is proposing to work with a small number of geographically related local water utilities to assist them to develop a comprehensive approach to catchment based water quality management.
- WaterNSW would utilise its Greater Sydney catchment and water quality expertise to work with local water utilities to identify key risks and mitigations.
- NSW Health will be a partner due to its role in regulating water quality, as well as other groups such as county councils and Aboriginal land councils.
- The TWRRP team and WaterNSW have previously met with Kyogle, Richmond Valley and Tweed councils to discuss their potential involvement.
- Richmond Valley has decided not to participate due to flood recovery.
- Scoping discussions continue between the TWRRP and WaterNSW, and WaterNSW will contact the councils soon to progress.
- Expected to commence in March/April 2022.

WaterNSW pilots - update



Key issues arising

- Complexity in scoping the various pilots.
- External factors impacting ability of local water utilities to participate – Richmond Valley flooding.

Alternate funding arrangements - update

6

Alternative funding arrangements - update



- The department is committed to working with the sector on exploring funding models for local water utilities, including a needs-based Community Service Obligation (CSO) funding model.
- We want to get the solution right and that's why we are taking the time to take a two stage approach. Stage 1 is focussing on gathering information about the financial needs and capacity of diverse local utilities to meet their service obligations in their local circumstances.
- This evidence base will inform Stage 2 which will look at alternate funding models that are fit for purpose to support local water utilities to meet service expectations.
- The NSW Government's policy position is that there shall be no forced amalgamations and that councils will continue as the owners of their water and sewerage assets. Continuation of this policy position is critical assumption of this investigation.

Strategic planning pilots - update

7

Strategic planning pilots - update

Recap:

- The TWRRP team called for expressions of interest to co-design components of the new framework
- The intention of the pilot projects is to explore alternate approaches to regulating, facilitating and supporting LWU strategic planning for urban water services
- Learnings from the projects will feed into the development and implementation process for the new regulatory framework.
- The pilot projects are varied. Some focus on components of their specific integrated water cycle management processes, often within the existing IWCM framework. Other pilots are exploring integration, collaboration and regionalisation.

Strategic planning pilots - update



Focus Area	Council / LWU involved	Difference	Status / Learning
<p>Co-design and test different and flexible approaches to regulating local water utility strategic planning</p> <ul style="list-style-type: none"> • Council led process • Testing approaches to facilitate more outcomes focused and flexible regulation of strategic planning 	Cowra Shire Council	Test a more flexible approach to address scenario and options analysis in a much more streamlined way.	<ul style="list-style-type: none"> • Final IWCM Issues paper ongoing - March 2022 • Options, scenario - Mid 2022 • Detailed IWCM issues paper requirements have resulted in delays, impacting start of options analysis.
	Griffith City Council	Streamlined IWCM strategy relevant to local community/ council needs	<ul style="list-style-type: none"> • Scope approved • SSWP value for money review underway • Work to commence late March. • Multistage concurrence process has delayed commencement.
	DPIE, Shoalhaven Water & Bega Valley Shire Council	User perspective exercise for asset management, financial planning and pricing needs	<ul style="list-style-type: none"> • Internal DPE, Shoalhaven Water and BVSC surveys completed • Learnings regarding asset management approach to be fed into regulatory framework implementation.

Strategic planning pilots - update

Focus Area	Council / LWU involved	Difference	Status / Learning
<p>Test integration between LWU strategic planning and IP&R Framework</p> <ul style="list-style-type: none"> • Test how to best integrate • Understand barriers to integration 	<p>Richmond Valley Council</p>	<p>Undertake strategic water planning via the IP&R framework.</p> <p><u>Methodology</u> First iteration (2022) – pathway for integration.</p> <p>Second iteration (2025)– full integration</p>	<ul style="list-style-type: none"> • <u>Not proceeding due to Council’s focus on flood recovery.</u> • Scoping document has informed TWRRP IP&R guidance. • LWUs face unpredictable challenges and changes to priorities – could be addressed by more flexibility around timing/milestones in strategic planning.

Strategic planning pilots - update

Focus Area	Council / LWU involved	Difference	Status / Learning
<p>Co-design and test regional approaches to strategic planning</p> <ul style="list-style-type: none"> Regional town water strategies Testing approaches to facilitate more outcomes focused and flexible regulation of strategic planning 	Central NSW JO	Co-design through a workshop with Central NSW JO councils, DPIE Water and NSW Health, an overview of what a regional approach to strategic planning could look like	<ul style="list-style-type: none"> Two workshops completed. Final report by end of March 2022. Draft report by end of March. Has informed draft regulatory framework and IP&R guidance.
	Namoi JO	Test a more flexible approach to address scenario and options analysis in a much more streamlined way (linked to existing Regional Town Water Strategy).	<ul style="list-style-type: none"> Secure Yield workshop held. Demonstrating how a more flexible approach is bringing together project teams to improve outcomes.

Strategic planning pilots - update

Focus Area	Council / LWU involved	Difference	Status / Learning
<p>Test new approaches to secure yield analysis</p> <ul style="list-style-type: none"> • Use climate data and models from Regional Water Strategies • Trialing interim guidance for secure yield analysis for town water scheme on regulated river systems • Trialing guidance document – Groundwater investigations for existing water schemes 	Cabonne, Orange and Central Tablelands Water	Secure yield analyses for subregional town water strategic plan. Regulated river systems & existing groundwater	<ul style="list-style-type: none"> • Scope redefined following release of new interim guidance • Proceeding to RFQ stage following consultation with DPE Water Utilities Branch • Multi stage concurrence process
	Narromine Council	Water security options Existing groundwater and new alternate regulated river system	<ul style="list-style-type: none"> • Scope redefined and RFQs issued following consultation with Water Utilities Branch. • Multi stage concurrence process
	Namoi JO / Tamworth Regional Council	Many new approaches, including town water security using RWS data & water demand forecasting investigation	<ul style="list-style-type: none"> • Progressing • See previous comments re learnings.

Strategic Planning pilot projects - update

Pilot project learnings:

- **There are tensions between the innovative approaches councils want to take and the existing IWCM checklist based scoping concurrence process.**
 - IWCM strategy development is typically a lengthy and linear process.
 - Needs, investigations and options are not typically prioritised or risk based.
 - Conceptually, the existing process is difficult to streamline due to perceived/actual interlinkages.
 - When SSWP funding is involved, it becomes a multi-stage scoping and funding concurrence process.
 - Long lead times mean delays to project commencement.
- **IWCM strategy funding is not always building capacity in councils.**
 - Generally councils engage consultants to undertake strategic planning.
 - Limited skills development, council technical staff may be underutilised.
- **Better coordination between DPE Water teams (e.g. Water Utilities Branch, Regional Water Strategies teams) in project management can lead to enhanced collaboration on strategic planning projects and improve outcomes.**

- **How do we feed the learnings from the pilots into the regulatory improvement process?**
 - Short-term (in finalising of the new regulatory framework).
 - Medium/longer term (in implementing the new regulatory framework and enhancing the department's advisory role).

Councillor training – update

8

Training materials

- Water industry induction handbook for decision makers – Available online
- Water industry induction slide template – customisable – March release
- Videos of experienced councillors sharing their experiences have been edited – March release
- Case studies of best-practice local water utility decision-making – April release

TWRRP evaluation - update

9

TWRRP evaluation - update

- Following a competitive process, Aither has recently been appointed to undertake the TWRRP program evaluation.
- Aither will provide:
 1. An evaluation framework for the whole TWRRP program, and will also undertake the evaluation.
 2. An evaluation framework for the TWRRP pilots (strategic planning, regional collaboration, WaterNSW etc) but the evaluation will be undertaken by the TWRRP team.

TWRRP evaluation - update

Indicative timeframe	Milestone
Week of 14 March 2022	Commencement
By mid-April 2022	Finalisation of project plan, key evaluation questions and indicators. <i>(check in with Stakeholder Advisory Panel)</i>
By mid-May 2022	Finalisation of the TWRRP pilots evaluation framework. Identification of case studies from TWRRP sub-programs to inform the evaluation process.
By end July 2022	Draft evaluation report <i>(check in with Stakeholder Advisory Panel)</i>
By end of August 2022	Final report provided and presentation of key evaluation findings.

Implementation - update

10

Panel member issues

11

Next meeting and a look
ahead

12

Next meeting and a look ahead



- Draft regulatory framework to be released 31 March
 - Feedback closing 30 April.
- Next meeting Wednesday 27 April 2022:
 - Regional collaboration pilots update
 - Draft regulatory framework feedback update

Items for noting

13

A. TWRRP engagement summary February/March 2022



Date	Who we met with	Issues covered
24/02/2022	Orana Water Utilities AGM	Update on TWRRP including skills and training.
25/02/2022	Edex Education	Opportunities to work within the VET sector to improve access to skills and training for water operations.
01/03/2022	WINSW	Strategy for delivering Aboriginal community outcomes
09/03/2022	Stakeholder Advisory Panel	Regulatory framework working draft
09/03/2022	LGNSW JO Network	Regulatory framework working draft
10/03/2022	Water Directorate Executive Committee	Regulatory framework working draft
11/03/2022	LGNSW and Water Directorate	Quarterly liaison meeting with DPE Water

B. Skills and Training

- More resources – Project Manager to deliver action plan
- Addressing major barrier for RTO participation in water skills -
Procuring - investigation of business models for the sharing of training materials to registered training operators
- Investigate pilot for upskilling local water utility staff with Australian Graduate School of Engineering.

Town Water Risk Reduction Program

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