



Planning,  
Industry &  
Environment

# Town Water Risk Reduction Program

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Stakeholder Advisory Panel – Meeting #2

Meeting | 10 March 2021

# Language and tone in communicating about the Program

- Two key issues have been raised in feedback:
  - 1. Bureaucratic language** – the information can be difficult to understand, and could lead to a lack of engagement.
  - 2. Paternalistic language** – concerns that the language and tone of some documents:
    - a. appear to lay focus solely on local government sector issues without recognising capability and performance gaps and systems deficiencies at the state government level.
    - b. do not adequately emphasise the performance of state government regulators/agencies as a fundamental barrier (agencies capability to work in partnership and in a coordinated fashion with LWUs on regulatory and strategic planning matters).
- There is a long history of the State government and local government not hearing each other on this issue.
- Discussion facilitated by Carmel Krogh.

# Proposed focus areas and next steps

- Continued discussion of the three proposed focus areas that we did not cover last meeting.

# Proposed focus area 2

## Encourage greater collaboration between utilities

### *Why is change required?*

- *Variation in capacity - some utilities require more support*
- *Lack of coordination between the various layers of strategic planning for water supply and waste water management (eg: Regional Water Strategies and local town water strategies).*

### **Proposed options**

- Connect utilities facing similar issues - share insights and learnings.
- Provide guidance, opportunities and incentives for utilities to consider regional collaboration.
- Investigate options for joint and regional solutions in utility strategic service planning and facilitate improved resource sharing between utilities.
- Develop mechanisms to ensure DPIE Regional Water Strategies and utility strategic planning inform each other and align risk, modelling and options analyses for town water supplies.

# Proposed focus area 3

## Facilitate greater State Government support

### *Why is change required?*

#### *Avoiding and managing emergencies*

- *In the last drought SOCs provided important support to several LWUs facing water security emergencies by sharing guidance, modelling, and skilled staff on a non-commercial basis.*
- *In retrospect it is likely there were additional cases where LWUs could have benefited from SOC support in managing or avoiding emergencies, but where cultural, regulatory and other barriers got in the way.*

#### *Sharing scale advantages*

- *There are areas – e.g. operator training, bulk meter contracts – where SOCs could share the advantages of their scale with LWUs for high impact and little cost to the SOCs themselves, but where existing barriers inhibit this.*

## Proposed options

Establish a working group bringing together SOCs, LWUs and other relevant sector stakeholders to explore

- What types of support SOCs could theoretically provide to LWUs (including types of support that have not historically been provided), and which of these do LWUs think would be most useful to them?
- What are the key regulatory, cultural, governance and other barriers preventing these types of support being provided currently?
- What options exist to overcome these barriers, and what are their pros/cons? It is likely one option for consideration will be a fee-for-service framework for certain kinds of SOC support.

# Proposed focus area 5

## Investigate alternative funding models

### *Why is change required?*

#### *Capital/project based funding programs:*

- *Inhibit optimal strategic planning as they introduce bias towards solutions that might receive funding and create incentive to delay action (let “things run down”) to wait for funding opportunities.*
- *Create a culture of planning for funding programs rather than in order to understand and address risks and solutions*
- *Discourage a “whole of lifecycle cost” view on infrastructure investment (operation, maintenance, depreciation/renewal cost and capability to operate)*
- *Focus regulatory approvals on “value for money” assessments required for funding programs (shifting assessment to a “we tell you what is the right solution” culture).*

### **Proposed options:**

- Working with the sector to explore the pros and cons of alternative funding models, including a needs-based Community Service Obligation (CSO) funding model. This would include:
  - Review the benefits and risks of transitioning the current, capital-grant based funding model to an alternative funding model.
  - Design and implement price-monitoring mechanisms to better understand LWU revenue and expenditure efficiency, revenue raising capacity and cost recovery and inform a needs-based funding model.
  - If the above review recommends transitioning to an alternative funding model, build the case for change in collaboration with Treasury and DPC.



# Collaboration and co-design

## Key principles

- Working groups and other engagement approaches will be the vehicle for collaboration and co-design.
- SAP members are encouraged to participate in working groups and other engagement approaches but these will also be open to other interested parties (LWUs, councils, agencies, experts etc).
- Collaborative approaches should be tailored as needed for individual focus areas and workstreams.
- We need to move quickly to establish a collaboration framework so that work can begin.
- The TWRRP team is developing further information about potential approaches to collaboration and co-design and will bring this to the SAP for discussion.

# Next meeting

- Next meeting is Wednesday 24 March 2021 at 9.30am.
- Have more to say?
  - Email the team at [regional.town.water@dpie.nsw.gov.au](mailto:regional.town.water@dpie.nsw.gov.au)