



TOWN WATER RISK REDUCTION PROGRAM

Update from the Roadmap Working Groups

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Acknowledgment of Country

The Department of Planning, Industry and Environment acknowledges the Traditional Owners and Custodians of the land on which we live and work and pays respect to Elders past, present and future.

Update from the Roadmap Working Groups

This document provides an update on the progress of the Town Water Risk Reduction Program's Roadmap Working Groups. The update provides an overview of the background, scope, objectives and where the working groups are up to in designing an improved regulatory framework for local water utilities as of December 2021.

The working groups' input is ongoing, and we will provide further updates and opportunities for formal consultation in the future. At the end of March 2022, we will make available for consultation with the broader sector the improved regulatory framework for local water utilities as designed by the working groups.

Your feedback is always welcome. You can reach out to the team at any time on regional.town.water@dpie.nsw.gov.au

The Town Water Risk Reduction Program is collaborating with the sector to design an improved regulatory framework

The NSW Department of Planning, Industry and Environment (the department) is collaborating with the local water utilities sector to improve its approach to the regulation of local water utilities as outlined in the Town Water Risk Reduction Program's [Roadmap to an Improved Regulatory Framework for Local Water Utilities](#) (the roadmap).

As part of the roadmap, the Town Water Risk Reduction Program is working with stakeholders to design an improved framework for the department's regulation of local water utilities' strategic planning and for the department's technical assessment and approvals for local water utilities. This process acknowledges that councils and local water utilities are ultimately responsible for making decisions regarding the provision of town water services. However, the process also acknowledges the value in regulatory oversight over those decisions to ensure they meet the needs of stakeholders.

To support this process the Town Water Risk Reduction Program has established two working groups:

- Regulation of strategic planning; and
- Technical assessment and approvals.

The working groups are the Town Water Risk Reduction Program's core mechanisms to partner and collaborate with the sector in the design process.

The **regulation of strategic planning** working group is considering issues currently encompassed by the 'integrated water cycle management' (IWCM) strategic planning framework, and supporting instruments and processes such as water security and demand planning, strategic business planning, financial planning and asset management.

The **technical assessment and approvals** working group is considering issues related to approvals under section 60 and inspections of water and sewerage systems under section 61 of the *Local Government Act 1993*.

The working groups have been brought together to address relevant roadmap actions, consider regulatory options and design an improved regulatory framework. At the end of March 2022, the draft improved regulatory framework will be made available for testing via consultation with the broader sector.

The working groups will consider other inputs from the Town Water Risk Reduction Program, such as its strategic planning pilots and the broader strategic planning framework for councils under the NSW Government's Integrated Planning and Reporting Framework.

We've assembled a representative and expert team from across the sector

To truly partner and collaborate with the sector, the working groups bring together expertise and experience from councils and local water utilities, joint organisations, industry bodies, the private sector, and the department and its co-regulators, including NSW Health, the NSW Environment Protection Authority, the Office of Local Government, the Natural Resource Access Regulator and Dams Safety NSW.

The working groups will achieve their objectives collaboratively, understanding the different perspectives and diverse expertise and experiences of their members to design an improved regulatory framework. The working groups are supported by a team of regulatory experts from Nous Group, who provide expert input and facilitate collaboration, and the Town Water Risk Reduction Program team.

A full list of working group members and the Nous team is provided in Appendix A.

We have drafted a shared vision and outcomes to guide the improved regulatory framework

We are building an improved regulatory framework for local water utilities ‘from the ground up’, with the roadmap as a solid starting point. This means we have started with the collective vision that the department, its co-regulators and local water utilities are pursuing, and the outcomes that need to be delivered for both strategic planning and technical assessment and approvals under an improved framework. These outcomes provide us with the specific areas of focus to pursue in developing the detail of the improved framework.

The vision and outcomes in the following sections were developed over three iterations with working group members through two co-design workshops and a survey. They may evolve further as we continue to develop the rest of the framework next year.

Our draft vision is:

“Safe, secure, accessible and affordable water and sewerage services for healthy and resilient communities, businesses and the environment, now and into the future”

The draft outcomes we want the improved framework to achieve in each of the areas being considered by the working groups are provided in Table 1 below.

Table 1. Regulatory outcomes for strategic planning and technical assessments and approvals

Outcomes for strategic planning	Outcomes for technical assessments and approvals
1. Facilitates a balance of community, environmental and economic outcomes including timely, equitable and affordable access to safe and sustainable services.	1. Approvals of water treatment infrastructure or treatment of sewage under section 60 of the <i>Local Government Act 1993</i> facilitate overall system and community outcomes including safe, equitable and affordable access to services.
2. Transparent, evidence-based, outcomes-focused and solutions-driven.	2. Local water utilities and government agencies can collaboratively ensure that water treatment infrastructure and treatment of sewage under section 60 of the <i>Local Government Act 1993</i> meet community needs efficiently and effectively.
3. Facilitates and supports decision-making on strategic risks and challenges whenever and however they present themselves.	3. Engagement and collaboration begins early.
4. Local water utilities have clear and transparent guidelines and criteria, including how performance will be monitored.	4. Advice is provided in a timely manner.
5. Integrated with existing council processes such as enterprise risk management frameworks and the Integrated Planning & Reporting Framework.	5. Approvals are provided in a timely manner.
6. Integrated across the local, regional and state levels to drive efficiency, a broader understanding across the system and create ‘one source of truth’.	6. Decision-making for approvals is outcomes-based, transparent, fair and reviewable.
7. Demonstrates that local and state government are capable of collaboratively delivering for the community.	7. Regulatory agencies work collaboratively to ensure they provide efficient and effective support to local water utilities.

An understanding of the principles for how the department will regulate is being established

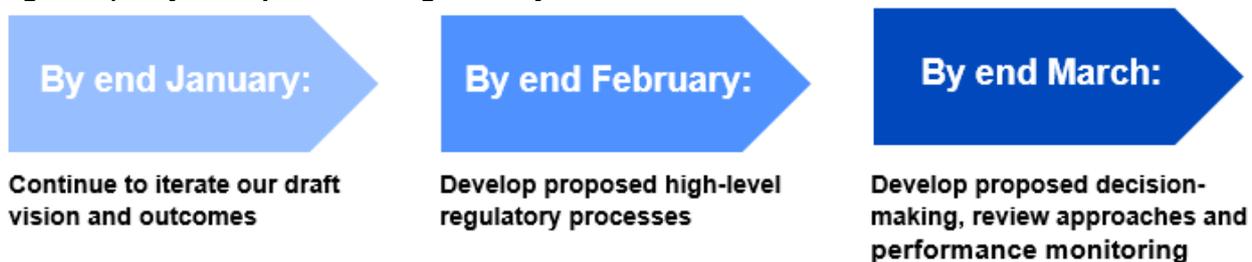
To guide the development of specific regulatory requirements and processes, the working groups have workshopped high level principles for how regulation will be approached and experienced:

- **The department will adopt a risk-based, outcomes-focused approach, with balanced monitoring approaches.** This will be underpinned by early engagement to clearly ascertain local intent and circumstance to inform risk-assessment, and a clear focus on the requirements that set outcomes for regulated activities, rather than processes.
- **The department will work more flexibly as a regulator, offering better guidance and support.** Local water utilities, their staff and stakeholders will experience a more flexible and proportionate process. The department will work in a way that takes into account the challenges faced by the local water utility, the risk profile of its systems, and its organisation maturity. The department will provide ongoing and consistent support to ensure local water utilities understand their obligations and expectations of outcomes and balance a technical and a community focus.
- **The department will engage proactively to build relationships and collect insights.** Local water utilities will have a clear understanding of the purpose for which data is collected, in advance of its provision. There will be better alignment of data collection across all regulators and agencies. Efforts to collect insights will not be limited to data gathering. The department will also focus on more regular engagement and relationship building with local water utilities.
- **The department will balance regulatory oversight with proactive support.** The department will balance work as a regulator with its role as a partner to local water utilities. This balance will be struck based on the evolving needs of a local water utility, and the department's regulatory responsibilities. These dual functions will be balanced in line with accepted principles of risk-based regulation and be clearly separated.

We have a clear plan to deliver the framework for consultation with the sector by the end of March 2022

In early 2022, the working groups will be focused on developing the detail of proposed regulatory requirements and procedures for the improved framework. The key steps and their timing are outlined in Figure 2 below.

Figure 1 | Project steps and timing for early 2022



We will be sharing the draft regulatory framework for public stakeholder consultation at the end of March 2022. Following the consultation period in March-April 2022, we will consider and incorporate stakeholder feedback. We expect the improved regulatory framework to be in place from 1 July 2022.

If you have any feedback or queries about the Town Water Risk Reduction Program, please contact us at any time on regional.town.water@dpie.nsw.gov.au

Appendix A: Working group members and Nous team

Working group – regulation of strategic planning:

- Mr Greg Whorlow, Albury City Council
- Mr Graham Kennett, Kyogle Council
- Ms Tracey Hamer, Mid Coast Council
- Ms Jenna Hazelwood, Richmond Valley Council
- Mr Michael McKenzie, Rous County Council
- Ms Naomi Schipanski, Tamworth Regional Council
- Mr Doug Moorby, Narromine Shire Council/Orana Water Utilities Alliance (Alternate: Mr Victor Papierniak, Cobar Shire Council/ Orana Water Utilities Alliance)
- Ms Jenny Bennett, Central NSW Joint Organisation (Alternate: Ms Meredith MacPherson)
- Mr Russell Beatty, HARC
- Mr Glenn Fernandes, Public Works Advisory
- Mr Chris Devitt, Chris Devitt Consulting
- Mr Oliver Maennicke, GHD
- Mr Sanjiv Sathiah, Local Government NSW
- Mr Andrew Sloan, DPIE Water - Water Utilities Branch
- Ms Emma Brunton, DPIE Water - Water Utilities Branch
- Ms Stef Schulte, DPIE Water - Regional Water Strategies team (Alternate: Mr Mark Hamstead)
- Ms Leslie Jarvis, NSW Health (Alternate: Mr Josh Tickell)
- Mr Peter Marczan, Environment Protection Authority
- Mr Graeme White, Natural Resource Access Regulator
- Ms Karen Purser, Office of Local Government
- Mr Sascha Moege, Town Water Risk Reduction Program

Working group - technical assessment and approvals:

- Mr Wayne Beatty, Orange City Council
- Mr Chris Best, Bega Valley Shire Council
- Ms Jessica Dunstan, Snowy Monaro Regional Council
- Mr Greg Mashiah, Clarence Valley Council
- Mr Doug Moorby, Narromine Shire Council/OWUA (Alternate: Mr Victor Papierniak, Cobar Shire Council/OWUA)
- Mr Matthew Trapp, Lithgow City Council
- Dr Bala Vigneswaran, Central Coast Council
- Mr Glenn Fernandes, Public Works Advisory
- Mr Bruce Murray, City Water Technologies
- Mr Michael Carter, Hunter H2O
- Mr Sanjiv Sathiah, Local Government NSW
- Mr Robert Mitchell, DPIE Water (Water Utilities Branch)
- Mr Mark Watson, DPIE Water (Water Utilities Branch)

- Mr Josh Tickell, NSW Health (Alternate: Ms Leslie Jarvis)
- Mr Anthony Pik, NSW Environment Protection Authority
- Mr Timothy Baker, Natural Resource Access Regulator
- Mr Peter Boyd, Dams Safety NSW
- Dr Nanda Altavilla, Town Water Risk Reduction Program

Nous team:

- Mr Mark Schultz, Project Director
- Mr Matt Topp, Project Manager
- Ms Anna Richardson, Consultant
- Ms Katrina Krongold, Project Support