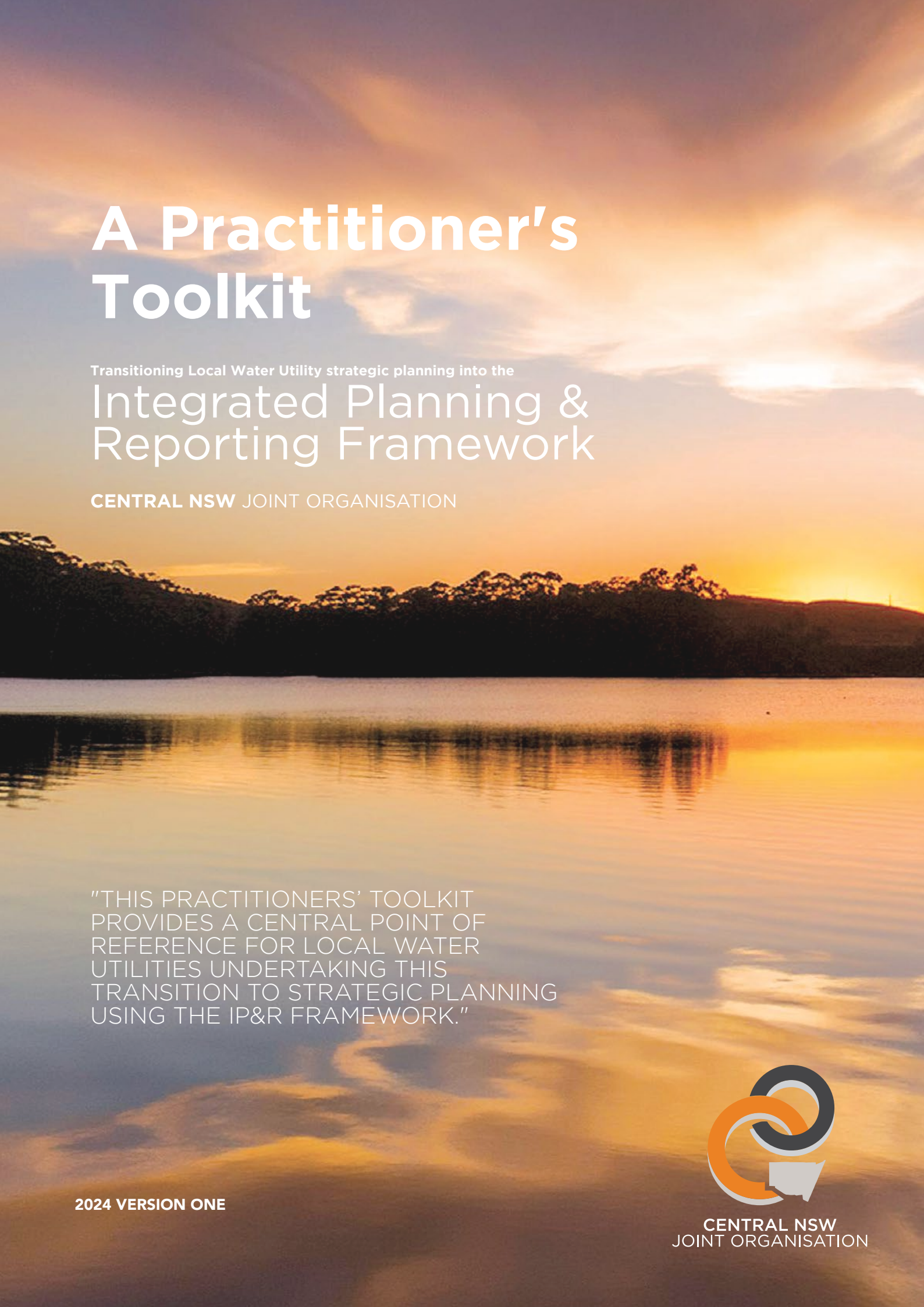

A Practitioner's Toolkit

Transitioning Local Water Utility strategic planning into the

Integrated Planning & Reporting Framework

CENTRAL NSW JOINT ORGANISATION

"THIS PRACTITIONERS' TOOLKIT PROVIDES A CENTRAL POINT OF REFERENCE FOR LOCAL WATER UTILITIES UNDERTAKING THIS TRANSITION TO STRATEGIC PLANNING USING THE IP&R FRAMEWORK."

2024 VERSION ONE

CENTRAL NSW
JOINT ORGANISATION

Proudly funded by the NSW Government in association with the Central NSW Joint Organisation.
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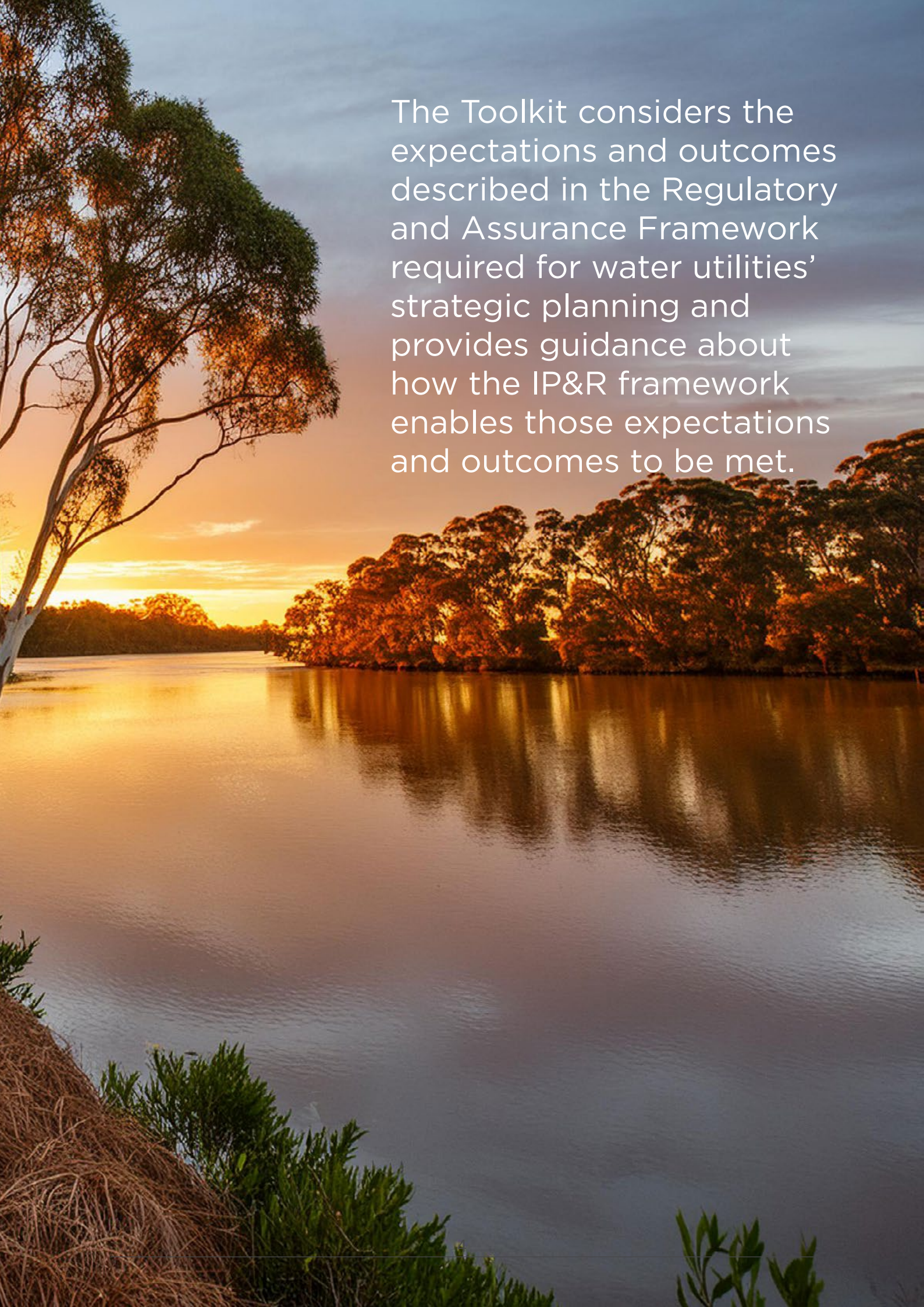
Contents



The Toolkit considers the expectations and outcomes described in the Regulatory and Assurance Framework required for water utilities' strategic planning and provides guidance about how the IP&R framework enables those expectations and outcomes to be met.

Introduction

Central NSW Joint Organisation, in collaboration with its member councils and the NSW Department of Climate Change, Energy, the Environment and Water, has developed a regional approach to strategic planning for water utilities. A desirable outcome for participating local councils was to have the Integrated Planning & Reporting framework be used for local water utilities to develop their water and sewer strategies to reduce duplication of effort and capture all council planning within the suite of documents prescribed by the NSW Local Government Act.

This Practitioners' Toolkit provides a central point of reference for local water utilities undertaking this transition to strategic planning using the Integrated Planning & Reporting (IP&R) framework. It provides clarity about the intent and purpose of each element of the IP&R framework, and includes tips, templates and examples of practice that will support councils to transition their water and sewer strategic planning into IP&R.

The Toolkit considers the expectations and outcomes described in the Regulatory and Assurance Framework required for water utilities' strategic planning and provides guidance about how the IP&R framework enables those expectations and outcomes to be met. The Regulatory and Assurance Framework applies to local water utilities in regional NSW and commenced on 1 July 2022.

As general purpose and county councils are already required to plan for and report on all their functions and activities through the IP&R framework, transitioning Local Water Utility planning into this framework will reduce duplication of effort and provide councils' governing bodies and executive teams with better oversight of the whole business.

While this Toolkit has been developed for use by councils within the Central NSW region, it is hoped that other local water utilities that choose to undertake their strategic planning activities within the IP&R framework will also get value from this Toolkit.

Acknowledgments

The development of this Toolkit was made possible through the leadership and vision of the Water Utilities Alliance and the broader Central NSW Joint Organisation team. The practical experience, knowledge and generous contributions of participating councils from across the Central NSW region has also been critical to the development of this Toolkit. In particular, the following councils opted in to support the project and the development of this Toolkit:

- Bathurst Regional Council
- Forbes Shire Council
- Orange City Council
- Parkes Shire Council
- Central Tablelands Water County Council.

The project has also been actively supported by contributions from the Department of Climate Change, Energy, the Environment and Water and the Office of Local Government.

Local water utilities' regulatory and assurance objectives

The NSW Department of Planning and Environment has established the Regulatory and Assurance Framework (RAF) to guide local water utilities' strategic planning processes. The Department describes its regulatory and assurance objectives as follows:

Overarching regulatory and assurance objectives

In ensuring local water utilities manage risks, the Department's overarching regulatory and assurance objectives are:

- Driving the supply of safe and secure water and sewerage services
- Supporting the protection of public health
- Supporting the protection of the environment
- Promoting the principles of Integrated Water Cycle Management to support sustainability and liveability
- Promoting resilient infrastructure and fostering innovation
- Promoting meaningful engagement with communities so that local water utility decisions meet their needs
- Protecting the interests of current and future customers and the community.

The Department achieves these regulatory and assurance objectives by expecting and enabling local water utilities to:

- Conduct effective, evidence-based strategic planning for water supply and sewerage services that applies the principles of adaptive planning and integrated water cycle management, and considers climate risks
- Identify and manage risks in strategic and effective ways
- Implement robust and effective operational risk management, including effective and safe operation and maintenance of systems and robust emergency and incident management
- Make fit-for-purpose infrastructure investments
- Implement robust and effective processes to monitor performance
- Protect and promote the interests of customers through efficient and affordable pricing
- Be financially sustainable and manage finances prudently.

This Toolkit seeks to provide local water utilities with practical advice about how to achieve these regulatory and assurance objectives through the Integrated Planning & Reporting framework, incorporating water planning activities within councils' existing planning and reporting practice.

DCCEEW strategic planning assurance process

Under the previous IWCM (Integrated Water Cycle Management) planning process, local water utilities submitted their draft IWCM plans to the relevant State Government department (previously known as DPE Water) for assessment.

The recently created NSW Department of Climate Change, Energy, the Environment & Water (DCCEEW) has not yet assessed strategic planning of a local water utility via the Integrated Planning & Reporting framework.

In due course, it is likely that DCCEEW will create a submission portal on its Strategic Planning website. This Toolkit will be updated with that information when it becomes available.

For more information about the assurance process, submission of strategic plans and key departmental contact information, go to the DCCEEW website.

Local Water Utilities intending to fulfill the expectations of the Regulatory & Assurance Framework through their Integrated Planning & Reporting implementation are encouraged to get in touch with the DCCEEW early in the process.

RAF expectations at a glance

Regulatory and Assurance Framework (RAF) outcomes, expectations and where they are achieved in the IP&R.

RAF outcome	RAF expectation area	Where they are achieved in IP&R	Expectations
1 Understanding service needs	a. What are customers' needs, values and preferences?	Stakeholder engagement	5
		Asset management	1
		Delivery Program	3
	b. What current and future demands are placed on water supply and sewerage systems?	Strategic community planning	1
		Asset management	2
		Reporting	2
		Annual Report	1
	c. How will the local water utility consider and address objectives, priorities and evidence of other relevant state or regional strategic planning, including the NSW Water Strategy and regional water strategies?	Strategic community planning	2
		Delivery Program	1
		Resourcing Strategy	1
		Asset management	1
2 Understanding water security	a. What is the local water utility's access to current and potential water supply sources?	Strategic community planning	2
		Resourcing Strategy	1
		Asset management	1
	b. How will the local water utility address current and future risks around continuity and reliability of access to water supply sources?	Stakeholder engagement	1
		Strategic community planning	4
		Delivery Program	3
		Asset management	5
3 Understanding water quality	a. How will the local water utility address current and future water quality risks?	Delivery Program	1
		Asset management	2
	b. How will the local water utility meet relevant regulatory standards, such as on drinking water quality management and fluoridation?	Delivery Program	1
		Asset management	1
4 Understanding environmental impacts	a. How will the local water utility address current and future environmental impact risks in its sewerage systems?	Strategic community planning	1
		Delivery Program	1
		Asset management	1
	b. How will the local water utility meet relevant regulatory standards, such as licence requirements set by the environmental regulator?	Delivery Program	1
		Asset management	1
5 Understanding system capacity, capability and efficiency	a. How will the local water utility understand the capacity and capability of systems to deliver water, and collect and treat sewage (and future capacity and capability needs)?	Asset management	6
		Reporting	1
		Annual Report	1
	b. How will the local water utility consider water efficiency in its systems?	Delivery Program	2
		Asset management	2
		Reporting	2
6 Understanding other key risks and challenges	a. How will the local water utility address other key risks in its systems now and into the future?	Strategic community planning	1
		Delivery Program	2
		Asset management	3
	b. How will the local water utility meet relevant regulatory standards?	Delivery Program	1
		Asset management	2
	c. How has the local water utility considered climate risks?	Strategic community planning	2
		Delivery Program	1
		Asset management	3
	d. How is the local water utility planning for drought?	Stakeholder engagement	1
		Strategic community planning	2
		Delivery Program	4
		Asset management	4
	e. How is the local water utility planning and preparing for incidents, emergencies, and extreme events and ensuring continuity of service?	Delivery Program	2
		Asset management	2

RAF outcome	RAF expectation area	Where they are achieved in IP&R	Expectations
7 Understanding solutions to deliver services	a. How are options for delivering services and managing risks analysed?	Delivery Program	2
		Resourcing Strategy	2
		Asset management	4
	b. How are assets managed over their life cycle to ensure service levels are met?	Resourcing Strategy	1
		Asset management	1
	c. How are preparedness and resilience management during extreme events considered?	Asset management	1
	d. How are supply and demand side options for water supply identified and evaluated?	Resourcing Strategy	1
		Asset management	1
8 Understanding resourcing needs	a. What resourcing is needed to deliver services and manage risks?	Delivery Program	1
		Resourcing Strategy	1
		Asset management	1
	b. What are the lifecycle costs of managing assets?	Resourcing Strategy	2
		Asset management	2
	c. What are the technical and operational skills needed to deliver services and manage risks and how does the local water utility do workforce planning?	Delivery Program	1
		Workforce management Plan	1
9 Understanding revenue sources	a. What are the revenue sources available to fund the delivery of services?	Operational Plan and Budget	1
		Resourcing Strategy	1
		Asset management	1
		Long-term financial planning	2
	b. What is customers' ability to pay for services?	Stakeholder engagement	5
		Long-term financial planning	1
		Operational Plan and Budget	5
	c. What is customers' willingness to pay for services?		–
10 Make and implement sound strategic decisions	a. Expectations of local water utilities when making and implementing sound strategic decisions.	Delivery Program	3
		Resourcing Strategy	5
		Asset management	5
		Reporting	1
11 Implement sound pricing and prudent financial management	a. A local water utility's water and sewerage prices should recover its efficient costs of providing water and sewerage services to customers.	Operational Plan and Budget	4
		Resourcing Strategy	2
		Long-term financial planning	6
		Annual Report	1
	b. A local water utility's water and sewerage prices are cost reflective, fair and equitable, and structured to promote efficient investment and consumption decisions, including the efficient and sustainable provision and use of water and sewerage services.	Operational Plan and Budget	11
		Resourcing Strategy	1
		Long-term financial planning	3
	c. A local water utility's water and sewerage prices are reasonably stable over time and consider affordability and impact on customers.	Stakeholder engagement	1
		Operational Plan and Budget	1
		Long-term financial planning	4
	d. The utility properly considers dividend payments.	Resourcing Strategy	1
		Long-term financial planning	1
	e. The local water utility 'ring-fences' the water supply and sewer business funds from the council's general-purpose fund.	Long-term financial planning	1
12 Promote integrated water cycle management	a. How are urban water cycle outcomes including water security, public health, environmental and urban amenity and liveability identified, achieved and funded?	Strategic community planning	1
		Delivery Program	3
		Operational Plan and Budget	1
		Resourcing Strategy	1
		Asset management	4
		Long-term financial planning	1
	b. How does the utility consider opportunities and methods to increase resource efficiency and recovery in urban water management?	Strategic community planning	2
		Delivery Program	2
		Resourcing Strategy	1
		Asset management	2
	c. How is the local water utility supporting customers to increase water literacy and support water efficiency measures?	Delivery Program	3
		Asset management	2
		Reporting	1

IP&R framework at a glance

IP&R elements	RAF objectives addressed	
Stakeholder engagement	1	Understanding service needs
	2	Understanding water security
	6	Understanding other key risks and challenges
	9	Understanding revenue sources
	11	Implementing sound pricing and prudent financial management
Strategic community planning	1	Understanding service needs
	2	Understanding water security
	4	Understanding environmental impacts
	6	Understanding other key risks and challenges
	12	Promote integrated water cycle management
Delivery Program	1	Understanding service needs
	2	Understanding water security
	3	Understanding water quality
	4	Understanding environmental impacts
	5	Understanding system capacity., capability and efficiency
	6	Understanding other key risks and challenges
	7	Understanding solutions to deliver services
	8	Understanding resourcing needs
	10	Make and implement sound strategic decisions
	12	Promote integrated water cycle management
Operational Plan & Budget	9	Understanding revenue sources
	11	Implement sound pricing and prudent financial management
	12	Promote integrated water cycle management
Resourcing Strategy	1	Understanding service needs
	2	Understanding water security
	7	Understanding solutions to deliver services
	8	Understanding resourcing needs
	9	Understanding revenue sources
	10	Make and implement sound strategic decisions
	11	Implement sound pricing and prudent financial management
	12	Promote integrated water cycle management
Asset management planning	1	Understanding service needs
	2	Understanding water security
	3	Understanding water quality
	4	Understanding environmental impacts
	5	Understanding system capacity, capability and efficiency
	6	Understanding other key risks and challenges
	7	Understanding solutions to deliver services
	8	Understanding resourcing needs
	9	Understanding revenue sources
	10	Make and implement sound strategic decisions
	12	Promote integrated water cycle management
Long-term financial planning	9	Understanding revenue sources
	11	Implement sound pricing and prudent financial management
	12	Promote integrated water cycle management
Workforce management planning	8	Understanding resourcing needs
Reporting	1	Understanding service needs
	5	Understanding system capacity, capability and efficiency
	10	Make and implement sound strategic decisions
	11	Implement sound pricing and prudent financial management
	12	Promote integrated water cycle management

The cycle of Integrated Planning & Reporting

The IP&R cycle is one of stakeholder engagement, planning, implementation, monitoring, reporting, reviewing and evaluation of outcomes. The diagram below shows how each of the IP&R elements work together to inform one another in an integrated way. It demonstrates how the Resourcing Strategy resources all elements of the framework, and how engagement and reporting occur across the cycle. The diagram below (Figure 1) also shows the relationship to State, regional and other council planning.

The IP&R cycle coincides with the local government election cycle. Global pandemics and council amalgamations aside, this is usually a four-year cycle, with local government elections scheduled to be held in September 2024, 2028, 2032 and so on (See Figure 4).

The IP&R cycle enables each new incoming elected council to shape the program of delivery commitments and resource allocations for their council term. This is informed by stakeholder engagement (including with the local community), that helps to determine what local communities are aspiring to, what levels of service they expect from their council, and how much they're prepared to pay (via their rates and payment of fees and charges) to enable their goals to be achieved.

It is sensible and practical that councils capture all their planning and reporting responsibilities, including those related to their water and sewerage supply functions, within their implementation of this comprehensive IP&R framework.

The chapters that follow dive deeper into each of the IP&R elements and discuss the local water utility considerations related to each element. Each chapter provides guidance for councils about how to meet

Figure 1.

the expectations of the NSW Department of Planning & Environment's Regulatory and Assurance Framework through IP&R implementation.

While the IP&R requirements are generally the same for general purpose and county councils, three chapters, note where county councils' focus differs slightly.

To get ready for the next cycle of IP&R, local water utilities need to understand what information will be required for the development of each IP&R framework element, and the timing for provision of that information.

Who's who in local water utility planning?

In considering the Regulatory and Assurance Framework's (RAF) expectations and each of the elements of the IP&R framework, it is anticipated that the following roles within a council will have a contribution to make towards informing the development of a suite of plans that meets the RAF's expectations as well as the intent of IP&R.

(Note: this is a guide; different councils will assign different tiles to these roles).

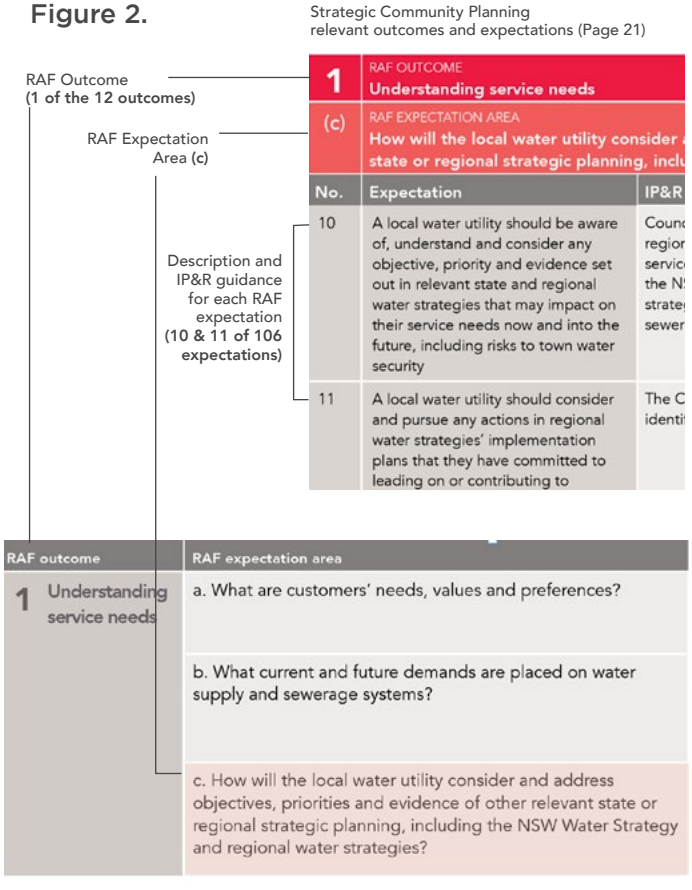
- Asset Manager
- Water & Sewer operators
- Business Improvement Officer
- Chief Financial Officer
- Communications Officer
- Community Engagement Coordinator
- Director (Infrastructure)
- Executive Team members
- General Manager/CEO
- Governance Coordinator
- HR/People Manager
- IP&R Coordinator
- LEMO
- Manager Development Services
- Manager Emergency Management
- Manager Environmental Services
- Manager Risk
- Manager Waste/ Resource Recovery
- Manager Water
- Social Planner

How to use this Toolkit

In each of the chapters that follow, the 106 expectations of the 12 outcome areas described in the Regulatory and Assurance Framework (RAF) are assigned to the relevant IP&R framework element/s that they correspond to, and guidance is provided about how those expectations may be met through that element of the IP&R framework (Figure 2).

At the end of each chapter are references to any tools that might support the achievement of those expectations (collated in the Appendices at the start of this Toolkit) (See Figure 3).

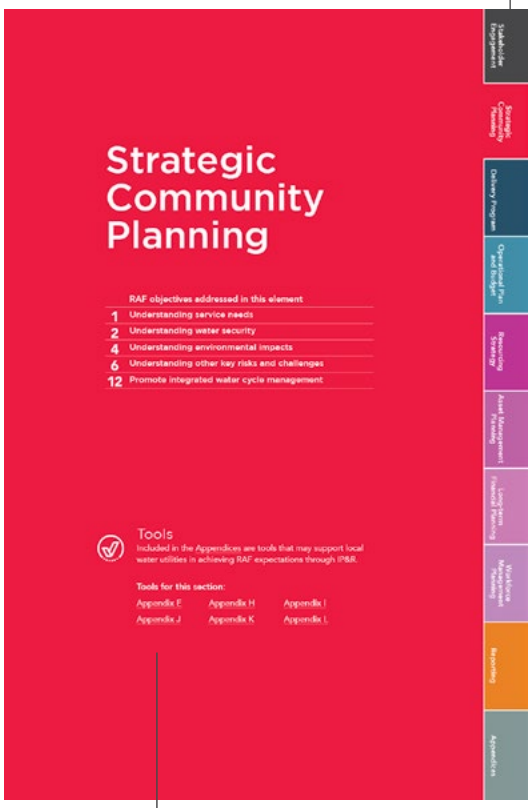
Figure 2.



RAF expectations at a glance (Page 7)

Figure 3.

The Toolkit digital version provides ease of navigation through Title Page tab links, Title bar links and quick links at the bottom of the pages



Title pages provide quick link to Tools to assist achieving the expectations

COUNTY COUNCILS

Note for county councils

County councils and general purpose councils that are local water utilities share the same expectations under the RAF, and most of the same IP&R requirements. Where county council requirements differ in IP&R (primarily BASP vs CSP and reporting on the progress and outcomes of its implementation), this is noted in the Toolkit.

Getting started

As mentioned earlier, IP&R is a cycle that re-sets with each local government election (generally every four years). However, local water utilities may choose to begin transitioning their strategic planning processes for water and sewer supply services into the Regulatory and Assurance Framework at any time and can begin to undertake that work within the Integrated Planning & Reporting framework at any time during the IP&R cycle.

A suggested first step is to undertake an environment scan and gap analysis to determine where a council's strategic planning processes are currently at (*"where are we now?"*).

Questions the following questions will support this first step, and enable the council to appropriately manage and resource the strategic planning process:

- Does the council have an IWCM? When was it prepared? What is its current status? How much of its content remains contemporary and valid for the current planning process?
- Does the council have a stand-alone water asset management plan and a stand-alone sewerage asset management plan? When were they prepared? How much of their content remains contemporary and reliable for the current planning process?
- How recently were the council's water and sewer assets condition assessed?
- What is the current renewals backlog for water and sewer assets?
- Is the water and/or sewer fund adequate to resource current known maintenance and renewal expenditure projections?

A suggested follow-up step is to review the Regulatory and Assurance Framework's objectives and expectations to assess which may require significant or additional investment of time and resources to address. This will help to identify key council staff who should contribute to the planning process, as well as identifying when stakeholder engagement may be required to achieve planning outcomes.

Councils are also encouraged to contact DCCEEW once they commence the Regulatory and Assurance Framework journey, so that Departmental support is available throughout the planning process.

RAF CONSIDERATIONS FOR

Reporting on the last Strategic Planning Cycle

IP&R is implemented over a four-year cycle aligned with council terms. Depending on where in the cycle a council chooses to transition its RAF strategic planning processes into IP&R will determine which chapter of this Toolkit will be the appropriate place to start the planning process (See Figure 4).

However, for simplicity, this Toolkit information has been ordered assuming council planning starts at the end of one council term and the beginning of the next.

Therefore, the first consideration in the IP&R cycle will be to provide a status update for inclusion in the State of the Shire/City Report, which is prepared near the end of the council term and is provided to the second meeting of the incoming council following the local government election.

This report assesses the implementation and effectiveness of the Community Strategic Plan (CSP) prepared near the beginning of the previous council term.

The State of the Shire/City Report considers if anybody or anything is better off as a result of the implementation of the Community Strategic Plan's strategies.

For a local water utility (LWU), key questions to answer in this Report will be in response to any water/sewer-related strategies of the Community Strategic Plan. The following table for example.

CSP strategy	LWU response for State of the… Report
Future-proof our water resources through preparing for droughts and being responsible water users	In 2020-21, our Shire's water consumption was 230 L per day (compared to the NSW average of 180 L per person per day). Over the past few years, State and local government campaigns have been run with residential and industry water consumers to promoter smart water use and reduced consumption. In 2024-25, our Shire's water consumption has begun to reduce towards the State average and is now 205 L per person per day.
Water and sewer infrastructure will be upgraded to support our community's growth and sustainability	In 2020-21, 88% of community survey respondents supported investment to provide access to clean and safe water as a priority for the LGA. In 2024-25, 92% of community survey respondents report approval with investments made for upgrades to water and sewer infrastructure.
Encourage wise water use and sustainable design to promote water efficiency when building or renovating homes	In 2020-21, X% of households in the Shire had installed a water tank for garden and outdoor use; and X% of households reported that water efficient shower/toilet mechanisms were installed. In 2024-25, the results were …

COUNTY COUNCILS

Note for county councils about reporting on the last strategic planning cycle

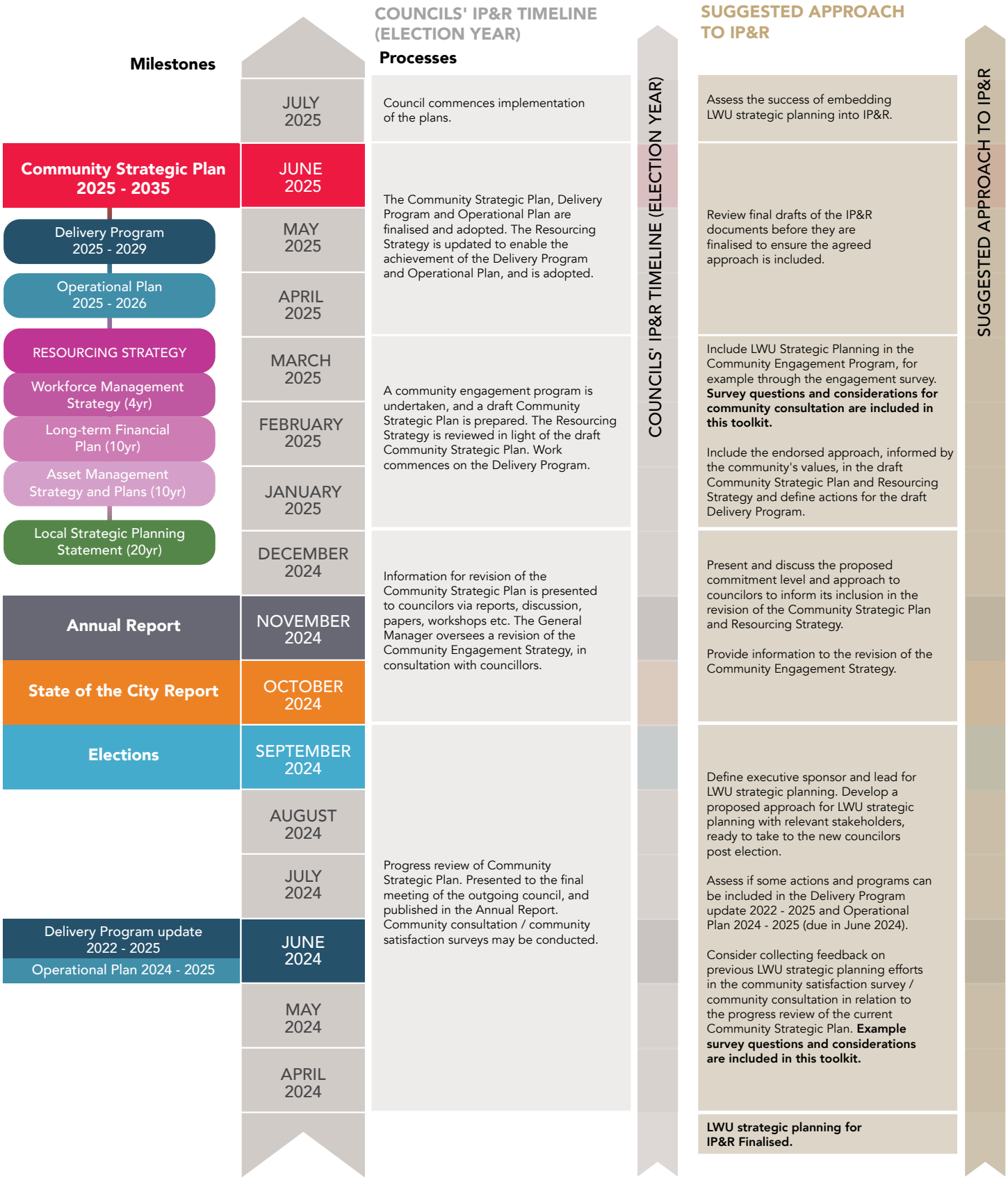
County councils do not prepare a State of the Shire report in the way that general purpose councils do, but they are still required to reflect on the effectiveness of the Business Activity Strategic Plan in achieving its objectives over the reporting term.

The report may also consider and address the water-related objectives of its constituent councils' Community Strategic Plans and identify the way in which these have been advanced through the county council's activities over the reporting period.

Some councils will discover that the Community Strategic Plan (CSP) they are seeking to report on was not prepared with baselines, measures and targets to support reporting. This doesn't mean that reporting is not possible. Reporters are encouraged to consider the intent of each of the strategies of the CSP and the objectives they were designed to achieve. This can then be used as the basis for reporting, considering what has changed (community outcomes) over the years that the CSP has been in place. Information used to support reporting can then be captured for inclusion in the next CSP.

Figure 4.

ADAPTED from the Regional Disaster Risk Reduction Framework for IP&R



Tools

Included in the Appendices are tools that may support local water utilities in achieving RAF expectations through IP&R.

Appendix A

Stakeholder Engagement

	RAF OBJECTIVES ADDRESSED IN THIS ELEMENT
1	Understanding service needs
2	Understanding water security
6	Understanding other key risks and challenges
9	Understanding revenue sources
11	Implementing sound pricing and prudent financial management

Tools

Included in the Appendices are tools that may support local water utilities in achieving RAF expectations through IP&R.

Tools for this section:

Appendix B
Appendix C
Appendix D
Appendix E
Appendix F
Appendix G
Appendix H

RAF CONSIDERATIONS FOR

Stakeholder Engagement

The RAF considerations for stakeholder engagement are discussed below. But first a reminder about the IP&R considerations for stakeholder engagement:

In the IP&R framework, the intent and purpose of stakeholder engagement is as follows:

- The Community Engagement Strategy provides a framework and guidance to Council about how to engage the community and other key stakeholders in the development of all of Council's policies, plans, programs and key activities.
- Where other legislation or government frameworks require Council to engage with the community, these requirements should be captured within the Community Engagement Strategy.
- The Community Engagement Strategy is based on social justice principles and considers how to hear from all stakeholders likely to be affected by the planning, policy or program under development.
- The Community Engagement Strategy identifies relevant stakeholder groups in the community and methods for engaging different stakeholders, depending on their needs.
- The Community Engagement Strategy assists Council to understand when to engage, who to engage, the purpose of the engagement, and how engagement activities should be enabled and resourced. This includes considering what information should be made available to support engagement activities (eg fact sheets, discussion papers).

COUNTY COUNCILS

Note for county councils about stakeholder engagement:

County councils may not seek to engage the whole community in the same way that general purpose councils do. However, stakeholder engagement is still key to informing county councils' planning and reporting under the IP&R framework and is an expectation of the RAF.

A stakeholder engagement strategy is prepared to guide the engagement activities undertaken by a county council for the purpose of informing the development of the council's plans, policies, programs and activities.

The strategy identifies who will be engaged, methods of engagement, when engagement will occur and how engagement outcomes will be used. It seeks to ensure a representative cross-section of stakeholders is enabled to participate in engagement activities.

The engagement outcomes assist to set priorities, confirm service levels and consider resourcing options.

Stakeholder engagement by water utilities is not 'one size fits all'. The focus of planning might change over time and for different councils, and therefore the nature of the conversations in stakeholder engagement will change from time to time. For example, at some times, persistent drought conditions may sharpen the focus on water security and supply demand. At other times stakeholder engagement might be more focused on ensuring adequate revenue is generated to extend the life of critical infrastructure, with discussion focused on customers' ability and willingness to pay.

Stakeholder engagement outcomes might also yield new information about community needs and priorities that may change the focus of strategic planning and service delivery. Therefore, councils' Community Engagement Strategies need to support council staff to answer the questions that the current planning process requires.

Stakeholder engagement activities also provide opportunities for local water utilities to share information and raise awareness about what Council does and how it delivers its services. Depending on the nature of the engagement activity, there may be opportunities to design deeper community conversations that support a variety of planning and reporting activities across the IP&R framework.

The Department of Planning & Environment's RAF includes 13 expectations relating to stakeholder engagement that should be considered by councils' Community Engagement Strategy and stakeholder engagement activities when developing the suite of IP&R documents.

These expectations (and the RAF outcomes they relate to) are described below, and are supported with guidance about how best to meet these expectations through IP&R.

1	RAF OUTCOME **Understanding service needs**	
(a)	RAF EXPECTATION AREA **What are customers' needs, values and preferences?**	
No.	**Expectation**	**IP&R development guidance:**
2	A local water utility should have a sound understanding of the key characteristics of its customer base	In developing its Community Engagement Strategy, Council should identify who its community and other stakeholders are. This will include consideration of 'customers' of particular services delivered by Council, including its water and sewer customers, and should describe the characteristics of that stakeholder group, particularly in relation to how they may best be engaged, what is important to them, and their engagement and service delivery preferences.
4	A local water utility's service levels should be informed by a strong understanding of its customers' needs, values and preferences, including their willingness to pay for service levels and outcomes, obtained through periodic customer engagement	Community engagement activities (including customer surveys related to specific Council services) should seek to yield information that supports Council to have a strong understanding of its customers' needs, values and preferences. Community engagement activities should also seek to understand customers' service level expectations and how much customers are willing to pay for maintained or increased levels of service.
5	A local water utility's customer engagement should start early and be broad and deep	Council should document clearly what questions it seeks to be answered through community engagement activities. This will help to shape the information required to be developed to support engagement activities and help to timetable engagement activities so that their outcomes are available in a timely way to inform planning processes.
6	A local water utility's customer engagement should also be consistent with the following principles: – Objective – Representative – Proportionate – Meaningful – Clearly communicated and accurate	Council's published Community Engagement Strategy provides an opportunity to consider and address how Council will ensure that its community engagement is objective, representative, proportionate, meaningful, clearly communicated and accurate. The Community Engagement Strategy should be prepared in such a way that it provides guidance to Council staff about how to achieve these outcomes.
7	A local water utility should report on the process and outcomes of its customer engagement	Good practice dictates that when Council engages on a particular plan, policy, program or activity that it includes within that document (or the report to Council seeking the plan, policy, program or activity's endorsement/adoption) a summary of the feedback received or outcomes of the engagement activities undertaken which have informed the plan, policy, program or activity's development.
2	RAF OUTCOME **Understanding water security**	
(b)	RAF EXPECTATION AREA **How will the local water utility address current and future risks around continuity and reliability of access to water supply sources?**	
No.	**Expectation**	**IP&R development guidance:**
19	A local water utility should consult with customers and community to determine the level of service and/or risk appropriate for its supply systems, including appropriate water restriction levels	The Community Strategic Plan (CSP) might consider how drought and low water supply levels will be addressed in the community, including by the introduction of water restrictions from time to time. Community engagement undertaken to inform the development of the CSP can seek to answer questions around service level and risk in relation to water supply from a customer perspective. Council may undertake a dedicated service review as part of its continuous improvement program that seeks to determine service level expectations and appropriate performance measures in consultation with water supply customers and the broader community.

6	RAF OUTCOME **Understanding other key risks and challenges**	
(d)	RAF EXPECTATION AREA **How is the local water utility planning for drought?**	
No.	**Expectation**	**IP&R development guidance:**
42	A local water utility should engage with its customers and community to obtain feedback on its proposed responses to drought	Community engagement undertaken to inform the development of the whole suite of IP&R documents will provide opportunities to get community feedback about proposed drought responses.
9	RAF OUTCOME **Understanding revenue sources**	
(b)	RAF EXPECTATION AREA **What is customers' ability to pay for services?**	
No.	**Expectation**	**IP&R development guidance:**
60	A local water utility should understand its customers' ability to pay in proportion to any proposed price rise, and should transparently justify any instance where the ability to pay prevents full cost recovery from prices	As part of developing its Statement of Revenue Policy, consideration should be given to customers' ability to pay. Community engagement and socio-economic research may be required from time to time to test the currency of Council's Statement of Revenue Policy assumptions.
61	A local water utility should develop ways to measure its customers' ability to pay	As noted above, periodic socio-economic research using credible data about the local community, balanced with targeted community engagement and local data about customer complaints or concerns raised in relation to water pricing, should be examined as part of determining the pricing methodology.
62	A local water utility should periodically monitor its customers' ability to pay to understand whether there are any prevailing affordability concerns	
63	If a local water utility is considering raising prices, it should conduct a proportionate analysis of the impact on its customers and their ability to pay	
64	A local water utility should understand its customers' preferences and willingness to pay in certain circumstances	Periodic community engagement related to water supply delivery should test customer preferences and willingness to pay, particularly when changes to service delivery or pricing is proposed.
11	RAF OUTCOME **Implement sound pricing and prudent financial management**	
(c)	RAF EXPECTATION AREA **A local water utility's water and sewerage prices are reasonably stable over time and consider affordability and impact on customers**	
No.	**Expectation**	**IP&R development guidance:**
93	The utility should conduct analysis of potential effects on customers before finalising prices	See discussion at # 60 & 61 above.

Strategic Community Planning

	RAF OBJECTIVES ADDRESSED IN THIS ELEMENT
1	Understanding service needs
2	Understanding water security
4	Understanding environmental impacts
6	Understanding other key risks and challenges
12	Promote integrated water cycle management

Tools

Included in the Appendices are tools that may support local water utilities in achieving RAF expectations through IP&R.

Tools for this section:

Appendix E
Appendix H
Appendix I
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Appendix L

RAF CONSIDERATIONS FOR

Strategic Community Planning

The RAF considerations for strategic community planning are discussed below. But first a reminder about the IP&R considerations for strategic community planning:

In the IP&R framework, the intent and purpose of strategic community planning is as follows:

- The CSP identifies the local community's goals and aspirations and includes strategies for achieving those goals. It considers progress made towards community goals over the life of the previous CSP, as part of evaluating the effectiveness of past CSP strategies in progressing community objectives.
- The CSP must look at least ten years into the future but may have a much longer horizon for some or all of the identified goals.
- The CSP is prepared by Council on behalf of its local community.
- Council is not wholly responsible for the implementation of the CSP – stakeholders from across the local community will have a role to play in implementing (and resourcing) the identified strategies.
- The CSP provides a vehicle for identifying stakeholder collaborations for the implementation and resourcing of strategies that work towards achieving identified community goals.
- The CSP captures 'where we are now' information and describes 'where we want to be' targets for its goals.
- The CSP considers the quadruple bottom line: environment, community, economy and civic leadership.
- The CSP is developed giving consideration to State Government plans and priorities and other regional planning and priorities, that apply to the local community.
- The community/stakeholder engagement undertaken to inform the development of the CSP provides an opportunity to consider the community's expectations regarding levels of service.

COUNTY COUNCILS

Note for county councils about strategic planning

County councils do not prepare a Community Strategic Plan in the same way that general purpose councils do. However, county councils must prepare a Business Activity Strategic Plan (BASP) instead.

The BASP is a ten+ year strategic plan prepared by county councils to identify the priorities and aspirations of the business for the future, including consideration of the future goals of key stakeholders that will impact on the county council over time.

This plan establishes the strategic direction for the council so that there is an agreed strategic context in place for the development of the Delivery Program and a point of reference for the development of the Resourcing Strategy.

The Department of Planning & Environment's RAF includes 18 expectations relating to strategic community planning that should be considered when developing the Community Strategic Plan.

These expectations (and the RAF outcomes they relate to) are described below, and are supported with guidance about how best to meet these expectations through IP&R.

1	RAF OUTCOME **Understanding service needs**	
(b)	RAF EXPECTATION AREA **What current and future demands are placed on water supply and sewerage systems?**	
No.	**Expectation**	**IP&R development guidance:**
8	A local water utility should analyse and forecast demand for services based on credible and consistent forecasts and assumptions on population and connected properties and sound knowledge of its customer characterisation and profile	The Community Strategic Plan should provide some data about 'where we are now' as a local area (including population, current and emerging environmental issues and so on) and include forecasts about 'where we will be in the future' (population changes, climate change impacts etc). Council's Local Strategic Planning Statement (and its Local Environment Plan) will also tell a story about how local land use may change into the future (for example, expanding urban areas to meet population growth demands, changing agricultural land uses, emerging industry land use needs etc). Other Council planning may have previously considered demand forecasts, for example a past IWCM document, as part of planning for a water treatment plant upgrade or in Developer Servicing Plans.

1	RAF OUTCOME **Understanding service needs**	
(c)	RAF EXPECTATION AREA **How will the local water utility consider and address objectives, priorities and evidence of other relevant state or regional strategic planning, including the NSW Water Strategy and regional water strategies?**	
No.	**Expectation**	**IP&R development guidance:**
10	A local water utility should be aware of, understand and consider any objective, priority and evidence set out in relevant state and regional water strategies that may impact on their service needs now and into the future, including risks to town water security	Councils must ensure that their own planning considers relevant State and regional plans related to their community and Council's own activities and service delivery. This will include Regional Water Strategies published by the NSW Government, but also regional housing strategies, climate change strategies, and other State and regional planning that may impact on water/ sewer supply, demand and operations.
11	A local water utility should consider and pursue any actions in regional water strategies' implementation plans that they have committed to leading on or contributing to	The CSP may identify regional water strategies applicable to the LGA and may identify Council as having responsibility for delivering some of those strategies.

2	RAF OUTCOME **Understanding water security**	
(a)	RAF EXPECTATION AREA **What is the local water utility's access to current and potential water supply sources?**	
No.	**Expectation**	**IP&R development guidance:**
12	The local water utility should understand available water sources	As part of its resourcing considerations, Council's Resourcing Strategy should consider what water sources will be available to resource its water supply function. This may be documented in the Water asset management plan, considered as a local issue to address in the Community Strategic Plan, or be considered more broadly in the Asset Management Strategy if new asset solutions may be necessary to ensure a secure water supply in the future.
13	The local water utility should understand the climate-resilience of its water sources	The climate resilience of Council's water sources may be considered in the CSP but should also be considered in the Water asset management plan.

2	RAF OUTCOME **Understanding water security**	
(b)	RAF EXPECTATION AREA **How will the local water utility address current and future risks around continuity and reliability of access to water supply sources?**	
No.	**Expectation**	**IP&R development guidance:**
14	The local water utility should understand the long-term availability and reliability of access to water from relevant water sources and any risks to access now and into the future	The climate resilience of Council's water sources may be considered in the CSP but should also be considered in the Water asset management plan. Development of a Secure Yield Analysis and consideration of its findings will support Council to identify if there's likely to be a yield shortfall in the short or longer-term, whether water restrictions will be required to ensure access to water during drought and identify other sources of water that may be called on if the yield diminishes. Depending on the outcomes of this process, it may be appropriate to articulate water security objectives and strategies in the local CSP so that all community stakeholders understand the extent of the issue and proposed responses.
16	The local water utility should assess the water security of supply systems against these water security criteria and service levels taking account of availability and reliability of water access from relevant water sources, the capacity and capability of its supply systems, and the demand for water now and in the future	
17	The local water utility's water security analysis should be proportionate to the scale and complexity of the water supply system and the likelihood and consequences of supply shortfall	The Community Strategic Plan should identify any forecast water supply shortfalls as an issue to be addressed in the local community, with the Delivery Program identifying what Council commits to delivering during its term in office to contribute to addressing the water supply shortfall.
19	A local water utility should consult with customers and community to determine the level of service and/or risk appropriate for its supply systems, including appropriate water restriction levels	The Community Strategic Plan (CSP) might consider how drought and low water supply levels will be addressed in the community, including by the introduction of water restrictions from time to time. Community engagement undertaken to inform the development of the CSP can also seek to answer questions around service level and risk in relation to water supply from a customer perspective.
4	RAF OUTCOME **Understanding environmental impacts**	
(a)	RAF EXPECTATION AREA **How will the local water utility address current and future environmental impact risks in its sewerage systems?**	
No.	**Expectation**	**IP&R development guidance:**
23	A local water utility should identify, and understand how to address, any current and future impacts and risks to the natural environment (e.g. pollution and/or degradation) and any risks to human health associated with the management of wastewater generated from domestic, associated commercial and industrial premises	The Community Strategic Plan is the vehicle for identifying current and future risks to the natural environment associated with the management of domestic, commercial and industrial wastewater. It can also identify strategies to mitigate these risks, as well identifying the role various stakeholders in the community have in reducing the risks and impacts.

6	RAF OUTCOME **Understanding other key risks and challenges**	
(a)	RAF EXPECTATION AREA **How will the local water utility address other key risks in its systems now and into the future?**	
No.	**Expectation**	**IP&R development guidance:**
35	A local water utility's understanding of key risks and challenges should integrate with its overall approach to strategic planning and should manage key risks and challenges alongside other outcomes such as water quality and water security	Council's broad Risk Management Framework, including its Risk Policy, Risk Appetite Statements and so on, should consider water quality and water security risks and challenges, and identify Council's approach to managing these, including on behalf of the community in relation to relevant strategies identified in the Community Strategic Plan.

6	RAF OUTCOME **Understanding other key risks and challenges**	
(c)	RAF EXPECTATION AREA **How has the local water utility considered climate risks?**	
No.	**Expectation**	**IP&R development guidance:**
38	A local water utility should identify and assess climate risks within its overall risk management approach while recognising the unique features of climate risks	see #35 above
39	A local water utility should use robust data in planning to respond to climate risks	All Council's planning should be evidence-based and utilise contemporary, industry-recognised data to support the planning process, that is when answering the "where are we now" question and establishing a target for the "where do we want to be" question.

6	RAF OUTCOME **Understanding other key risks and challenges**	
(d)	RAF EXPECTATION AREA **How is the local water utility planning for drought?**	
No.	**Expectation**	**IP&R development guidance:**
41	A local water utility should undertake tactical planning to respond to drought as a component of the strategic-level approach to water security planning	Drought impacts and drought responses will always be a consideration for local water utilities, as well as for local communities generally. The CSP should include information about drought forecasts and community impacts and include strategies to address these (such as application of water restrictions).
42	A local water utility should engage with its customers and community to obtain feedback on its proposed responses to drought	Community engagement undertaken to inform the development of the whole suite of IP&R documents will provide opportunities to get community feedback about proposed drought responses.

12	RAF OUTCOME **Promote integrated water cycle management**	
(a)	RAF EXPECTATION AREA **How are urban water cycle outcomes including water security, public health, environmental and urban amenity and liveability identified, achieved and funded?**	
No.	**Expectation**	**IP&R development guidance:**
97	The local water utility should identify the full range of urban water cycle outcomes and the community values from all uses of water across the urban water cycle	Documenting its understanding of the full range of urban water cycle outcomes and community value will be part of developing the information used to inform the development of the CSP, the Delivery Program and the relevant asset management plan/s.

12	RAF OUTCOME **Promote integrated water cycle management**	
(b)	RAF EXPECTATION AREA **How does the utility consider opportunities and methods to increase resource efficiency and recovery in urban water management?**	
RAF Expectation Area:		
No.	**Expectation**	**IP&R development guidance:**
102	The local water utility should develop an understanding of how water resources interact with other resources in their area of operations	Council's Resourcing Strategy considers how Council will allocate all its available resources to deliver strategies established in other IP&R documents and achieve its objectives. The Resourcing Strategy also is a tool for considering resourcing that is the responsibility of other stakeholders in the community. In the CSP, water, energy, transport, food and other resources required to achieve community outcomes will be considered, including how they may be used efficiently and cost effectively.
103	The local water utility should consider opportunities and methods to increase energy and waste efficiency and resource recovery	Most communities' CSPs discuss energy efficiency, waste reduction and resource recovery. While this may often be stated in terms of electric energy and waste to landfill, the CSP provides a vehicle for considering water use efficiency, water waste reduction, and water recovery and reuse. The Delivery Program and Water & Sewer asset management plan/s provide the vehicle for describing Council's commitments to water waste reduction, water recover and water re-use.

Delivery Program

	RAF OBJECTIVES ADDRESSED IN THIS ELEMENT
1	Understanding service needs
2	Understanding water security
3	Understanding water quality
4	Understanding environmental impacts
5	Understanding system capacity, capability and efficiency
6	Understanding other key risks and challenges
7	Understanding solutions to deliver services
8	Understanding resourcing needs
10	Make and implement sound strategic decisions
12	Promote integrated water cycle management

Tools

Included in the Appendices are tools that may support local water utilities in achieving RAF expectations through IP&R.

Tools for this section:

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Appendix E
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Appendix K
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Appendix M
Appendix N

RAF CONSIDERATIONS FOR

Delivery Program

The RAF considerations for the Delivery Program are discussed below. But first a reminder about the IP&R considerations for the Delivery Program:

In the IP&R framework, the intent and purpose of the Delivery Program is as follows:

- The Delivery Program identifies the principal activities to be undertaken by Council to perform all of its functions.
- The Delivery Program demonstrates how delivering these principal activities is Council's contribution toward achieving community goals established in the CSP for which Council was assigned responsibility.
- The Delivery Program is each incoming elected Council's commitment to the community about what it will deliver during its term in office within the resources available (as described in the Resourcing Strategy).
- All of Council's plans, projects, activities and funding allocations must be directly linked to the Delivery Program.
- The Delivery Program identifies service reviews to be undertaken during the Council term as part of its continuous improvement program, and addresses ongoing improvements to the efficiency, productivity, financial management and governance of Council.
- The Delivery Program considers the service level expectations of the community identified during the development of the CSP and includes an assessment methodology for determining the effectiveness of each principal activity in achieving its objective.
- The Delivery Program includes financial estimates for its delivery over the term of Council.

The Department of Planning & Environment's RAF includes 38 expectations that should be considered when developing Council's Delivery Program – that is, what Council is committing to deliver over its term of office.

These expectations (and the RAF outcomes they relate to) are described below, and are supported with guidance about how best to meet these expectations through IP&R.

1	RAF OUTCOME **Understanding service needs**	
(a)	RAF EXPECTATION AREA: **What are customers' needs, values and preferences?**	
No.	**Expectation**	**IP&R development guidance:**
1	A local water utility should have a sound understanding of, and deliver its services consistent with, the requirements and expectations of its regulators	The Delivery Program may describe Council's water and sewer function as one of the principal activities to be undertaken to achieve CSP objectives. Council's asset management plan for its water and sewer assets should identify service standards, which should consider how service delivery will be consistent with the requirements and expectations of the regulator.
3	A local water utility should have an ongoing understanding of its customers' needs, values and preferences	Council's community engagement activities should seek to understand its service delivery customers' needs, values and preferences, including in relation to water and sewer service delivery.
4	A local water utility's service levels should be informed by a strong understanding of its customers' needs, values and preferences, including their willingness to pay for service levels and outcomes, obtained through periodic customer engagement	Community engagement activities (including customer surveys related to specific Council services) should seek to elicit information that supports Council to have a strong understanding of its customers' needs, values and preferences. Community engagement activities should also seek to understand customers' service level expectations and how much customers are willing to pay for maintained or increased levels of service.
1	RAF OUTCOME **Understanding service needs**	
(c)	RAF EXPECTATION AREA **How will the local water utility consider and address objectives, priorities and evidence of other relevant state or regional strategic planning, including the NSW Water Strategy and regional water strategies?**	
No.	**Expectation**	**IP&R development guidance:**
11	A local water utility should consider and pursue any actions in regional water strategies' implementation plans that they have committed to leading on or contributing to	The CSP may identify regional water strategies applicable to the LGA and may identify Council as having responsibility for delivering some of those strategies. The Delivery Program should make clear what regional water strategies Council is committing to deliver over its term in office, and the Resourcing Strategy should reflect how that will be enabled.
2	RAF OUTCOME **Understanding water security**	
(b)	RAF EXPECTATION AREA **How will the local water utility address current and future risks around continuity and reliability of access to water supply sources?**	
No.	**Expectation**	**IP&R development guidance:**
17	The local water utility's water security analysis should be proportionate to the scale and complexity of the water supply system and the likelihood and consequences of supply shortfall	Council's water Asset Management Plan should include analysis of water security and supply. If supply shortfalls are forecast, the Asset Management Strategy should consider asset solutions for addressing this (eg enhanced water storage capacity). The Delivery Program should identify what Council commits to delivering during its term in office to contribute to addressing any water supply shortfall.
18	The local water utility should have an adaptive approach to responding to water security risks, understand acute risks to its water supply, and put in place contingency measures to respond to shortfall or extreme events	The Delivery Program will describe Council's emergency management function, which may include responses to extreme events which put pressure on water supply and impact on Council's water supply function.

19	A local water utility should consult with customers and community to determine the level of service and/or risk appropriate for its supply systems, including appropriate water restriction levels	The Community Strategic Plan might consider how drought and low water supply levels will be addressed in the community, including by the introduction of water restrictions from time to time. Community engagement undertaken to inform the development of the CSP can also seek to answer questions around service level and risk in relation to water supply from a customer perspective for consideration in the Delivery Program. Council may undertake a dedicated service review as part of its continuous improvement program that seeks to determine service level expectations and appropriate performance measures in consultation with water supply customers and the broader community.
3	RAF OUTCOME **Understanding water quality**	
(a)	RAF EXPECTATION AREA **How will the local water utility address current and future water quality risks?**	
No.	**Expectation**	**IP&R development guidance:**
20	A local water utility should understand and address water quality risks based on and through the implementation of its drinking water management system, as required by the Public Health Act 2010 and Public Health Regulation 2022	The Delivery Program should describe Council's water supply function as one of its principal activities, and the water Asset Management Plan should demonstrate how water quality risks are understood and managed in accordance with the regulatory framework within which Council operates.
3	RAF OUTCOME **Understanding water quality**	
(b)	RAF EXPECTATION AREA **How will the local water utility meet relevant regulatory standards, such as on drinking water quality management and fluoridation?**	
No.	**Expectation**	**IP&R development guidance:**
22	A local water utility should ensure that relevant legislative requirements relating to water quality are identified and addressed	Service standards identified for Council's water supply service should ensure water quality requirements will be identified and addressed. This information may be captured in the Delivery Program (describing Council's water supply service function) and/or in the water Asset Management Plan (describing how the water supply function is delivered through Council's water supply assets)
4	RAF OUTCOME **Understanding environmental impacts**	
(a)	RAF EXPECTATION AREA **How will the local water utility address current and future environmental impact risks in its sewerage systems?**	
No.	**Expectation**	**IP&R development guidance:**
23	A local water utility should identify, and understand how to address, any current and future impacts and risks to the natural environment (e.g. pollution and/or degradation) and any risks to human health associated with the management of wastewater generated from domestic, associated commercial and industrial premises	The Community Strategic Plan is the vehicle for identifying current and future risks to the natural environment associated with the management of domestic, commercial and industrial wastewater. It can also identify strategies to mitigate these risks, as well identifying the role various stakeholders in the community have in reducing the risks and impacts. The Delivery Program can specifically identify Council's commitments in relation to managing these risks, and its asset management processes can consider Council's own wastewater generation and how to minimise its impacts.

4	RAF OUTCOME **Understanding environmental impacts**	
(b)	RAF EXPECTATION AREA **How will the local water utility meet relevant regulatory standards, such as licence requirements set by the environmental regulator?**	
No.	**Expectation**	**IP&R development guidance:**
24	A local water utility should understand and address any regulatory standards and requirements imposed, or likely to be imposed, under any licenses required under the *Protection of the Environment Operations Act 1997*	Council's Delivery Program identifies the principal activities to be undertaken by Council as it performs its functions and is an opportunity to describe the regulatory standards it will meet in the delivery of those functions. Where the management of water supply assets will impact on service standards and regulatory requirements, this may be identified and described in the water Asset Management Plan.
5	RAF OUTCOME **Understanding system capacity, capability and efficiency**	
(b)	RAF EXPECTATION AREA **How will the local water utility consider water efficiency in its systems?**	
No.	**Expectation**	**IP&R development guidance:**
31	The utility should understand the efficiency of its water supply system	The Delivery Program must address ongoing improvements to the efficiency of Council, including its water supply system. This may be achieved through a service review which, in consultation with customers and others in the community, may determine service level expectations and appropriate efficiency measures.
32	The utility should compare its efficiency in relation to its peers	
6	RAF OUTCOME **Understanding other key risks and challenges**	
(a)	RAF EXPECTATION AREA **How will the local water utility address other key risks in its systems now and into the future?**	
No.	**Expectation**	**IP&R development guidance:**
33	A local water utility should identify and understand the risks and challenges relevant to its unique operating context for delivery of water and sewerage services.	Council's water and sewer Asset Management Plan should identify the risks and challenges relevant to its unique operating environment and include strategies for addressing these in its service delivery. This information may also be included in the Delivery Program describing Council's water and sewer function activities.
35	A local water utility's understanding of key risks and challenges should integrate with its overall approach to strategic planning and should manage key risks and challenges alongside other outcomes such as water quality and water security	Council's broad Risk Management Framework, including its Risk Policy, Risk Appetite Statements and so on, should consider water quality and water security risks and challenges, and identify Council's approach to managing these, which may be reflected in how Delivery Program activities are described. Councils may consider the development of a Water & Sewerage Risk/Response Register, and report annually to the Audit, Risk & Improvement Committee on how identified risks have been addressed.

6	RAF OUTCOME **Understanding other key risks and challenges**	
(b)	RAF EXPECTATION AREA **How will the local water utility meet relevant regulatory standards?**	
No.	**Expectation**	**IP&R development guidance:**
37	The local water utility has in place processes for monitoring compliance and performance against relevant regulatory standards and for implementing corrective actions when required	All of Council's planning documents (including the CSP, DP, OP, AM Strategy, AM Plan/s, LTFP) must include the application of measures by which performance and effectiveness of identified activities can be monitored. It is usual for councils to undertake quarterly performance monitoring for review by the leadership team; as well as (at least) 6-monthly progress reports to the governing body on the implementation of the Delivery Program. The Delivery Program should therefore include appropriate measures to enable progress and performance to be monitored and reported on.

6	RAF OUTCOME **Understanding other key risks and challenges**	
(c)	RAF EXPECTATION AREA **How has the local water utility considered climate risks?**	
No.	**Expectation**	**IP&R development guidance:**
40	A local water utility should assess climate risks holistically and across its business and value chain	Consideration of risks that may impact on service delivery and business functions (including climate change risks) should be an essential element of Council's IP&R practice, including in the Delivery Program.

6	RAF OUTCOME **Understanding other key risks and challenges**	
(d)	RAF EXPECTATION AREA **How is the local water utility planning for drought?**	
No.	**Expectation**	**IP&R development guidance:**
41	A local water utility should undertake tactical planning to respond to drought as a component of the strategic-level approach to water security planning	Drought impacts and drought responses will always be a consideration for local water utilities, as well as for local communities generally. The Delivery Program will articulate the specific activities Council will undertake during its term to contribute to CSP strategies and progress Asset Management Strategy objectives (resourced through the Long-Term Financial Plan and Workforce Management Plan).
42	A local water utility should engage with its customers and community to obtain feedback on its proposed responses to drought	Community engagement undertaken to inform the development of the whole suite of IP&R documents will provide opportunities to get community feedback about proposed drought responses for inclusion in the Delivery Program.
43	A local water utility's planning for drought should be consistent with its planning for incidents, emergencies, and extreme events	Key stakeholders for inclusion in engagement discussions about drought management will be the Local Emergency Management Committee (LEMC). This will help Council to understand and plan for how its drought responses may impact on other emergency planning. For example, consideration of water availability in times of drought for firefighting emergencies. The outcomes of this engagement should be reflected in the relevant Delivery Program activity.
44	A local water utility should consider risk holistically across its whole business when planning for drought	Drought may present a range of risks for Council to manage and mitigate, including in relation to the supply chain, workforce availability, local amenity (parks & gardens) etc. This will inform how related Delivery Program activities are described.

6	RAF OUTCOME **Understanding other key risks and challenges**	
(e)	RAF EXPECTATION AREA **How is the local water utility planning and preparing for incidents, emergencies, and extreme events and ensuring continuity of service?**	
No.	**Expectation**	**IP&R development guidance:**
45	A local water utility should understand the resilience of its infrastructure and organisation and should identify the events that could impact continuity of service	Both the Asset Management Strategy and the water/sewer asset management plans provide opportunities to document Council's understanding of the resilience of its infrastructure and possible impacts on service continuity. Council's proposed response to any risks arising should also be documented, and actions for implementation captured in the relevant Delivery Program and Operational Plan, resourced through the Long-Term Financial Plan and Workforce Management Plan.
46	A local water utility should have systems and processes in place to identify, prepare for, plan for, respond to and recover from incidents, emergencies and extreme events	Council's Disaster Risk Management Planning provides an opportunity to document the systems and processes for identifying, preparing for, responding to, and recovering from incidents, emergencies and extreme events. These may be operationalised through the Delivery Program and Operational Plans and resourced through the Resourcing Strategy.
7	RAF OUTCOME **Understanding solutions to deliver services**	
(a)	RAF EXPECTATION AREA **How are options for delivering services and managing risks analysed?**	
No.	**Expectation**	**IP&R development guidance:**
47	The local water utility should base the development and evaluation of options for service delivery on its understanding of service needs – this is its service objectives	Identifying, developing, analysing and evaluating options for service delivery that reflects service needs and address risks is a fundamental part of the development of the Delivery Program, also balanced by what is available through the Resourcing Strategy.
49	The local water utility should consider and, where feasible, evaluate the economic, environmental, and social costs and benefits of each option over their life cycle	
8	RAF OUTCOME **Understanding resourcing needs**	
(a)	RAF EXPECTATION AREA **What resourcing is needed to deliver services and manage risks?**	
No.	**Expectation**	**IP&R development guidance:**
54	A local water utility should understand its resourcing needs to deliver its services and effectively manage its risks	The asset management plan for each asset class (including water and sewer) should consider the whole-of-life costs for delivering that asset to the community at an agreed level of service and effectively managing associated risks. This should include consideration of workforce and technology resource requirements, as well as the financial resources required. This information should then be translated into the relevant Resourcing Strategy documents, and new resource solutions achieved through the Delivery Program and Operational Plan.

8	RAF OUTCOME **Understanding resourcing needs**	
(c)	RAF EXPECTATION AREA **What are the technical and operational skills needed to deliver services and manage risks and how does the local water utility do workforce planning?**	
No.	**Expectation**	**IP&R development guidance:**
57	The local water utility should undertake strategic workforce planning to understand the technical and operational skills needed to deliver their services and manage risks	The Workforce Management Plan is a strategic workforce planning document that seeks to identify and address the workforce resource required for delivering the Delivery Program. This includes consideration of the availability of technical and operational skills need to deliver services and manage risks, and strategies for maintaining or acquiring those skills as required.

10	RAF OUTCOME **Make and implement sound strategic decisions**	
(a)	RAF EXPECTATION AREA **Expectations of local water utilities when making and implementing sound strategic decisions**	
No.	**Expectation**	**IP&R development guidance:**
66	The local water utility's strategic decisions should be made by councillors	The suite of IP&R documents is developed in collaboration with the governing body and is formally adopted by them (except the CSP which is endorsed by them).
68	The local water utility should make strategic decisions framed by a clear set of problems and objectives	The suite of IP&R documents seeks to ask and answer four key planning questions: – where are we now? – where do we want to be in the future? (short, medium and long-term) – how will we get there? – how will we know we're on track? Answering these questions will address problems/issues confronting Council and/or its community; and will establish agreed objectives to work towards.
71	The local water utility should implement strategic decisions, monitor performance, and then evaluate and adapt them (including potentially re-making them)	The IP&R cycle includes regular monitoring and review: – at the commencement of each Council term a State of the Shire report describes progress in achieving CSP objective – annually an Annual Report is published providing an update on the delivery of the Delivery Program's commitments – the Long-Term Financial Plan is reviewed and updated annually as part of the preparation of the annual Budget – at least every six months the GM provides a report to the governing body on the progress of implementing the Delivery Program – quarterly reports are provided to the governing body to track actual revenue and expenditure against the adopted Budget. All these reporting processes include monitoring of performance, review and evaluation, and the opportunity to make evidence-base adjustments if necessary.

12	RAF OUTCOME **Promote integrated water cycle management**	
(a)	RAF EXPECTATION AREA **How are urban water cycle outcomes including water security, public health, environmental and urban amenity and liveability identified, achieved and funded?**	
No.	**Expectation**	**IP&R development guidance:**
97	The local water utility should identify the full range of urban water cycle outcomes and the community values from all uses of water across the urban water cycle	Documenting its understanding of the full range of urban water cycle outcomes and community value will be part of developing the information used to inform the development of the CSP, the Delivery Program and the relevant asset management plan.
99	The local water utility should have collaborative governance arrangements in place with all those responsible for parts of the urban water cycle	The water asset management plan should consider governance arrangements necessary for meeting statutory obligations for urban water cycle delivery. These may be reflected in the Delivery Program.
100	The local water utility should extend its corporate tools and management systems to enable more collaborative governance and to foster a deeper understanding of the urban planning context	Collaborative governance in a water utility's urban water planning context may include cross-organisation representation on a water Asset Management Committee (with representation from Council's finance, governance, workforce and corporate planning teams). External representatives may also be invited to participate in such governance arrangements to ensure that the activity of Council that is water supply (as described in the Delivery Program) is appropriately overseen.

12	RAF OUTCOME **Promote integrated water cycle management**	
(b)	RAF EXPECTATION AREA **How does the utility consider opportunities and methods to increase resource efficiency and recovery in urban water management?**	
No.	**Expectation**	**IP&R development guidance:**
102	The local water utility should develop an understanding of how water resources interact with other resources in their area of operations	Council's Resourcing Strategy considers how Council will allocate all its available resources to deliver strategies and commitments established in other IP&R documents, including the Delivery Program, to support the achievement of its objectives.
103	The local water utility should consider opportunities and methods to increase energy and waste efficiency and resource recovery	Most communities' CSPs discuss energy efficiency, waste reduction and resource recovery. While this may often be stated in terms of electric energy and waste to landfill, the CSP provides a vehicle for considering water use efficiency, water waste reduction, and water recovery and reuse. The Delivery Program and Water asset management plan provide the vehicle for describing Council's commitments and proposed actions to address water waste reduction, water recover and water re-use.

12	RAF OUTCOME **Promote integrated water cycle management**	
(c)	RAF EXPECTATION AREA **How is the local water utility supporting customers to increase water literacy and support water efficiency measures?**	
No.	**Expectation**	**IP&R development guidance:**
104	The local water utility should support its customers to increase their water literacy	When Council describes an objective as enhancements to water efficiency, it is likely that this will include activities in relation to end users/customers. The Delivery Program (and subsequent Operational Plans) can then articulate how Council will support its customers to increase their water literacy and enable them to be active participants in water efficiency action.
105	The local water utility should evaluate water efficiency measures on an equal basis with other supply and demand options and implement them where it is cost effective to do so	Identifying evidence-based, better practice water efficiency measures and targets in the CSP and Delivery Program will enable Council to measure and monitor water efficiency outcomes over time. This information will inform future strategy development for continuing to enhance water efficiency outcomes.
106	The local water utility should use the guidance in the NSW Water Efficiency Framework to work towards best-practice water efficiency	All Council's planning should be evidence-based and be informed by contemporary, industry-recognised best practice.

Operational Plan & Budget

	RAF OBJECTIVES ADDRESSED IN THIS ELEMENT
9	Understanding revenue sources
11	Implementing sound pricing and prudent financial management
12	Promote integrated water cycle management

Tools

Included in the Appendices are tools that may support local water utilities in achieving RAF expectations through IP&R.

Tools for this section:

Appendix O

RAF CONSIDERATIONS FOR

Operational Program

The RAF considerations for the Operational Plan and Budget are discussed below. But first a reminder about the IP&R considerations for the Operational Plan and Budget:

In the IP&R framework, the intent and purpose of Operational Plan and Budget is as follows:

- The Operational Plan and Budget identify the specific actions to be undertaken in a particular financial year as part of achieving the Delivery Program commitments, including which service reviews will be undertaken in that year
- The Budget includes a Statement of Revenue Policy that sets the fees and charges for that year and describes the sources and expected yield of Council's revenue
- The Operational Plan identifies suitable measures to enable Council to monitor the effectiveness of projects, programs and actions undertaken in the year.

During the development of each year's Operational Plan and Budget, Council should identify those commitments of the adopted Delivery Program that impact on water supply and ensure that relevant actions are included in that year's Operational Plan and Budget.

This will also include a review of all related documents, including the Water and/or Sewer Asset Management Plans and the Local Strategic Planning Statement, to identify any actions scheduled for delivery in the Operational Planning year.

The Long-Term Financial Plan and Workforce Management Strategy may also include actionS that require attention in the Operational Planning year. These should all be articulated in the development of the Operational Plan and resourced as required in the Budget.

A key element of the annual Budget development is reviewing and determining the Statement of Revenue Policy (SoRP).

The Department of Planning & Environment's RAF includes 23 expectations that should be considered when reviewing and developing the Statement of Revenue Policy each year. These expectations (and the RAF outcomes they relate to) are described below, and are supported with guidance about how best to meet these expectations through IP&R.

9	RAF OUTCOME **Understanding revenue sources**	
(a)	RAF EXPECTATION AREA **What is customers' ability to pay for services?**	
No.	**Expectation**	**IP&R development guidance:**
58	A local water utility's water and sewerage prices and developer charges should be its primary funding source to recover the costs of providing water and sewerage services	Council's Statement of Revenue Policy will be the primary document for identifying water and sewerage charges and the basis for their determination.

9	RAF OUTCOME **Understanding revenue sources**	
(b)	RAF EXPECTATION AREA **What is customers' ability to pay for services?**	
No.	**Expectation**	**IP&R development guidance:**
60	A local water utility should understand its customers' ability to pay in proportion to any proposed price rise, and should transparently justify any instance where the ability to pay prevents full cost recovery from prices	As part of developing its Statement of Revenue Policy, consideration should be given to customers' ability to pay. Community engagement and socio-economic research may be required from time to time to test the currency of Council's Statement of Revenue Policy assumptions. The Statement of Revenue Policy should also provide evidence for the basis of any price rises and justify (particularly in relation to water pricing) any instance where ability to pay has prevented a full cost-recovery pricing model.
62	A local water utility should periodically monitor its customers' ability to pay to understand whether there are any prevailing affordability concerns	
63	If a local water utility is considering raising prices, it should conduct a proportionate analysis of the impact on its customers and their ability to pay	
64	A local water utility should understand its customers' preferences and willingness to pay in certain circumstances	Periodic community engagement related to water supply delivery should test customer preferences and willingness to pay, particularly when changes to service delivery or pricing is proposed.
65	A local water utility's willingness-to-pay (WTP) analysis should be proportionate to the level of cost/value involved in the decisions to be informed by WTP estimates, and follow best-practice principles	Periodic socio-economic research using credible data about the local community, balanced with targeted community engagement and local data about customer complaints or concerns raised in relation to water pricing, should be examined as part of determining the pricing methodology. See also #64 above.

11	RAF OUTCOME **Implement sound pricing and prudent financial management**	
(a)	RAF EXPECTATION AREA **A local water utility's water and sewerage prices should recover its efficient costs of providing water and sewerage services to customers.**	
No.	**Expectation**	**IP&R development guidance:**
72	A utility should recover all its efficient costs of providing water and sewerage services to customers through prices, with prices set at lower bound, or above	The RS, including through the annual development of the Statement of Revenue Policy and the Long-Term Financial Plan, considers customer pricing and cost recovery.
73	A utility should establish separate revenue requirements for each of its services (water supply and sewerage)	The Long-Term Financial Plan makes projections of revenue and expenditure for each of Council's 'funds', including the General Fund and separate Water and Sewer Funds.
74	To calculate the revenue requirement for each service, the utility should identify and attribute its direct costs to its water and sewerage services and allocate common costs, consistent with the utility's cost allocation manual	Cost attribution and allocation is achieved through the development of the Statement of Revenue Policy and Long-Term Financial Plan.
75	The revenue requirement a utility uses to set its prices should reflect the efficient costs of supplying its services to appropriate levels	The Local Government Act requires that Councils should plan strategically, using the IP&R framework, for the provision of effective and efficient services and regulation to meet the diverse needs of the local community.

11	RAF OUTCOME **Implement sound pricing and prudent financial management**	
(b)	RAF EXPECTATION AREA **A local water utility's water and sewerage prices are cost reflective, fair and equitable, and structured to promote efficient investment and consumption decisions, including the efficient and sustainable provision and use of water and sewerage services**	
No.	**Expectation**	**IP&R development guidance:**
79	A utility should implement a cost reflective, two-part tariff structure for both water and sewerage services that recovers its revenue requirements	Council's Statement of Revenue Policy will be the primary document for identifying water and sewer charges and the basis for their determination
80	A utility should have regard to its marginal cost of supply when setting its of water usage price	Cost attribution and allocation is achieved through the development of the Statement of Revenue Policy and the Long-Term Financial Plan
81	A utility should have regard to its marginal cost of supply when setting its sewerage prices	In developing the Statement of Revenue Policy (including the Schedule of Fees & Charges) consideration will be given to any additional costs that might arise in the delivery of the service for which a fee or charge is being applied.

82	A utility should consider levying a single fixed sewerage service availability charge for residential customers (combining access and usage components) and apply sewerage usage prices to non-residential customers as part of a 2-part tariff	In determining its Schedule of Fees and Charges as part of the development of each annual Budget and Statement of Revenue Policy, consideration may be given to levying a single fixed sewerage service availability charge for residential customers and a two-part tariff for non-residential customers.
83	A utility should consider whether to set different prices for different areas where there are distinct supply systems that have different costs	In some rural and regional LGAs, the LWU may be responsible for smaller-scale separate water or sewer facilities in some of their larger rural settlements. These are more expensive to run than the primary urban large-scale water and sewer facilities due to economies of scale. The LWU may therefore decide to levy users of these different facilities according to the different costs incurred in their delivery. This pricing methodology would be explained and reflected in the Statement of Revenue Policy.
84	Water and sewerage availability charges should recover the residual revenue required	In determining fees and charges as part of the development of the Statement of Revenue Policy, the LWU will consider the fixed cost of delivering the water (the access/availability element of the charge related to the provision of the infrastructure). All of these costs should be considered in determining the charge to be levied in order that the revenue generated recovers these costs.
85	A utility should publish its discharge factors and, where warranted, be open to tailoring a customer's discharge factor to reflect individual circumstances	For consideration and to be addressed in the development of the Statement of Revenue Policy.
86	Trade waste charges should be consistent with the department's trade waste guidelines	The Statement of Revenue Policy should describe the rationale for fees and charges.
87	Recycled water prices should be set consistent with NWI recycled water pricing principles	The Statement of Revenue Policy should describe the rationale for fees and charges.
88	Prices for raw water supplies to customers should recover the efficient costs of supply	Methodology for pricing should be documented in the Statement of Revenue Policy and considered in Long-Term Financial Plan.
89	Bulk water prices should recover the efficient costs of supply	

11	RAF OUTCOME **Implement sound pricing and prudent financial management**	
(c)	RAF EXPECTATION AREA **A local water utility's water and sewerage prices are reasonably stable over time and consider affordability and impact on customers**	
No.	**Expectation**	**IP&R development guidance:**
93	The utility should conduct analysis of potential effects on customers before finalising prices	As part of developing its Statement of Revenue Policy, consideration should be given to customers' ability to pay. Community engagement and socio-economic research may be required from time to time to test the currency of Council's Statement of Revenue Policy assumptions. The Statement of Revenue Policy should also provide evidence for the basis of any price rises and justify (particularly in relation to water pricing) any instance where ability to pay has prevented a full cost-recovery pricing model. Periodic socio-economic research using credible data about the local community, balanced with targeted community engagement and local data about customer complaints or concerns raised in relation to water pricing, should be examined as part of determining the pricing methodology.

12	RAF OUTCOME **Promote integrated water cycle management**	
(a)	RAF EXPECTATION AREA **How are urban water cycle outcomes including water security, public health, environmental and urban amenity and liveability identified, achieved and funded?**	
No.	**Expectation**	**IP&R development guidance:**
101	The local water utility should establish agreed funding arrangements and cost-recovery mechanisms to achieve urban water cycle outcomes	Confirming funding arrangements and cost-recovery mechanisms to achieve urban water cycle outcomes should be part of developing the Long-Term Financial Plan as it relates to the Water Fund and achieving the objectives established in the Water asset management plan and Council's Asset Management Strategy.

Resourcing Strategy

	RAF OBJECTIVES ADDRESSED IN THIS ELEMENT
1	Understanding service needs
2	Understanding water security
7	Understanding other key risks and challenges
8	Understanding resourcing needs
9	Understanding revenue sources
10	Make and implement sound strategic decisions
11	Implementing sound pricing and prudent financial management
12	Promote integrated water cycle management

Tools

Included in the Appendices are tools that may support local water utilities in achieving RAF expectations through IP&R.

Tools for this section:

Appendix P

RAF CONSIDERATIONS FOR

Resourcing Strategy

The RAF considerations for the Resourcing Strategy are discussed below. But first a reminder about the IP&R considerations for the Resourcing Strategy:

In the IP&R framework, the intent and purpose of the Resourcing Strategy is as follows:

- The Resourcing Strategy identifies all of the resources available to Council (finances, workforce, assets and infrastructure, and technology) that will enable it to deliver its Delivery Program commitments
- The Resourcing Strategy also plans for how these resources will be managed into the future to ensure Council can be sustainable and that these resources are maintained, renewed and upgraded as necessary to achieve agreed corporate and community outcomes
- The Resourcing Strategy identifies where there are resourcing gaps, and plans for how these might be filled, and the role other stakeholders may have in provision of resources to support the achievement of community outcomes.

The Department of Planning & Environment's RAF includes 21 expectations that should be considered when developing Council's overall Resourcing Strategy. Expectations that relate to specific components of the Resourcing Strategy are also discussed later in this Toolkit.

These expectations (and the RAF outcomes they relate to) are described below, and are supported with guidance about how best to meet these expectations through IP&R.

1	RAF OUTCOME **Understanding service needs**	
(c)	RAF EXPECTATION AREA: **How will the local water utility consider and address objectives, priorities and evidence of other relevant state or regional strategic planning, including the NSW Water Strategy and regional water strategies?**	
No.	**Expectation**	**IP&R development guidance:**
11	A local water utility should consider and pursue any actions in regional water strategies' implementation plans that they have committed to leading on or contributing to	The CSP may identify regional water strategies applicable to the LGA and may identify Council as having responsibility for delivering some of those strategies. The Delivery Program should make clear what regional water strategies Council is committing to deliver over its term in office, and the Resourcing Strategy should reflect how that will be enabled.

2	RAF OUTCOME **Understanding water security**	
(a)	RAF EXPECTATION AREA **What is the local water utility's access to current and potential water supply sources?**	
No.	**Expectation**	**IP&R development guidance:**
12	The local water utility should understand available water sources	As part of its resourcing considerations, Council's Resourcing Strategy should consider what water sources will be available to resource its water supply function. This may be documented in the water Asset Management Plan, considered as a local issue to address in the Community Strategic Plan, or be considered more broadly in the Asset Management Strategy if new asset solutions may be necessary to ensure a secure water supply in the future.

7	RAF OUTCOME **Understanding solutions to deliver services**	
(a)	RAF EXPECTATION AREA **How are options for delivering services and managing risks analysed?**	
No.	**Expectation**	**IP&R development guidance:**
49	The local water utility should consider and, where feasible, evaluate the economic, environmental, and social costs and benefits of each option over their life cycle	Identifying, developing, analysing and evaluating options for service delivery that reflects service needs and address risks is a fundamental part of the development of the Delivery Program, also balanced by what is available through the Resourcing Strategy.
50	The local water utility's evaluation of the costs and benefits of options should identify and consider key risks	

7	RAF OUTCOME **Understanding solutions to deliver services**	
(b)	RAF EXPECTATION AREA **How are assets managed over their life cycle to ensure service levels are met?**	
No.	**Expectation**	**IP&R development guidance:**
51	The local water utility's development and evaluation of options should be based on an asset management system that is of a reasonable standard	Whole of lifecycle asset management should be captured in the asset management plan for each asset class. This includes consideration of how agreed service levels will be met and resourced (costed through the Long-Term Financial Plan)

7	RAF OUTCOME **Understanding solutions to deliver services**	
(d)	RAF EXPECTATION AREA **How are supply and demand side options for water supply identified and evaluated?**	
No.	**Expectation**	**IP&R development guidance:**
53	The local water utility should evaluate costs and benefits of all viable supply and demand-side options in determining the best way to balance water supply and demand	Cost benefit analysis is part of asset management and broader Resource Strategy development. Community engagement outcomes may also serve to inform water supply and demand balance planning.

8	RAF OUTCOME **Understanding resourcing needs**	
(a)	RAF EXPECTATION AREA **What resourcing is needed to deliver services and manage risks?**	
No.	**Expectation**	**IP&R development guidance:**
54	A local water utility should understand its resourcing needs to deliver its services and effectively manage its risks	The asset management plan for each asset class (including water and sewer) should consider the whole-of-life costs for delivering that asset to the community at an agreed level of service and effectively managing associated risks. This should include consideration of workforce and technology resource requirements, as well as the financial resources required. This information should then be translated into the relevant Resourcing Strategy documents, with new resource solutions achieved through the Delivery Program and Operational Plan.

8	RAF OUTCOME **Understanding resourcing needs**	
(b)	RAF EXPECTATION AREA **What are the lifecycle costs of managing assets?**	
No.	**Expectation**	**IP&R development guidance:**
55	A local water utility should understand the lifecycle costs of their assets to inform their development and evaluation of servicing options and their resourcing needs	Whole-of-life cost considerations should be considered in the asset management plan for each asset class and be reflected in relevant Resourcing Strategy documents.
56	A local water utility's lifecycle cost analysis should consider all costs associated with the design, development, delivery and operation of assets over their lives	

9	RAF OUTCOME **Understanding revenue sources**	
(a)	RAF EXPECTATION AREA **What are the revenue sources available to fund the delivery of services?**	
No.	**Expectation**	**IP&R development guidance:**
59	A local water utility should understand its revenue requirements and revenue sources for the next pricing period and over the medium and long term	The Long-Term Financial Plan seeks to ask and answer questions about Council's revenue requirements and revenue sources over the short, medium and long-term, informed through asset management planning and the Asset Management Strategy.

10	RAF OUTCOME **Make and implement sound strategic decisions**	
(a)	RAF EXPECTATION AREA **Expectations of local water utilities when making and implementing sound strategic decisions**	
No.	**Expectation**	**IP&R development guidance:**
66	The local water utility's strategic decisions should be made by councillors	The suite of IP&R documents is developed in collaboration with the governing body, and formally adopted by them (except the CSP which is endorsed by them on behalf of the community).
68	The local water utility should make strategic decisions framed by a clear set of problems and objectives	The Resourcing Strategy seeks to ask and answer key planning questions in relation to the resources available to Council: – where are we now? – where do we want to be in the future? (short, medium and long-term) – how will we get there? – how will we know we're on track? – Answering these questions will address resourcing problems/issues confronting Council; and will establish agreed objectives to work towards.
69	The local water utility should base strategic decisions on sound evidence - that is, based on its understanding of service needs, risks, solutions, and resources to address needs and risks as gathered by achieving the strategic planning outcomes set out in the Regulatory and Assurance Framework.	The development of the Resourcing Strategy should be based on sound evidence, including: – data that identifies 'where we are now' – outcomes arising from service reviews – past Resourcing Strategy implementation monitoring and reporting results – risk assessments and risk mitigation strategies, etc
70	The local water utility should make, record and publish strategic decisions	The suite of IP&R documents appears in the Business Paper when they are being submitted for endorsement for public exhibition, and when they are being submitted for formal adoption. The suite of documents is then required to be published on Council's website.
71	The local water utility should implement strategic decisions, monitor performance, and then evaluate and adapt them (including potentially re-making them)	The IP&R cycle includes regular monitoring and review: – annually an Annual Report is published providing an update on the delivery of the Delivery Program's commitments – the Long-Term Financial Plan is reviewed and updated annually as part of the preparation of the annual Budget – at least every six months the General Manager/Chief Executive Officer provides a report to the governing body on the progress of implementing the Delivery Program – quarterly reports are provided to the governing body to track actual revenue and expenditure against the adopted Budget. All these reporting processes include monitoring of performance, review and evaluation, and the opportunity to make evidence-base adjustments, including to resource allocations, if necessary.

11	RAF OUTCOME **Implement sound pricing and prudent financial management**	
(a)	RAF EXPECTATION AREA **A local water utility's water and sewerage prices should recover its efficient costs of providing water and sewerage services to customers.**	
No.	**Expectation**	**IP&R development guidance:**
72	A utility should recover all its efficient costs of providing water and sewerage services to customers through prices, with prices set at lower bound, or above	The Resourcing Strategy, including through the annual development of the Statement of Revenue Policy and the Long-Term Financial Plan, considers customer pricing and cost recovery.
75	The revenue requirement a utility uses to set its prices should reflect the efficient costs of supplying its services to appropriate levels	The Local Government Act requires that councils should plan strategically, using the IP&R framework, for the provision of effective and efficient services and regulation to meet the diverse needs of the local community.

11	RAF OUTCOME **Implement sound pricing and prudent financial management**	
(b)	RAF EXPECTATION AREA **A local water utility's water and sewerage prices are cost reflective, fair and equitable, and structured to promote efficient investment and consumption decisions, including the efficient and sustainable provision and use of water and sewerage services**	
No.	**Expectation**	**IP&R development guidance:**
90	The infrastructure cost of servicing growth should be recovered as developer charges consistent with department's developer charges guidelines	Council's "s94" Developer Contributions Plan will support the recovery of infrastructure costs related to servicing growth.

11	RAF OUTCOME **Implement sound pricing and prudent financial management**	
(d)	RAF EXPECTATION AREA **The utility properly considers dividend payments**	
No.	**Expectation**	**IP&R development guidance:**
95	The utility may pay dividends to the owner council, if it meets certain pre-conditions	Any revenue expected to be generated through dividends will be captured in the Long-Term Financial Plan, and an expenditure plan may be included in the relevant asset management plan for that asset class.

12	RAF OUTCOME **Promote integrated water cycle management**	
(a)	RAF EXPECTATION AREA **How are urban water cycle outcomes including water security, public health, environmental and urban amenity and liveability identified, achieved and funded?**	
No.	**Expectation**	**IP&R development guidance:**
101	How are urban water cycle outcomes including water security, public health, environmental and urban amenity and liveability identified, achieved and funded?	Confirming funding arrangements and cost-recovery mechanisms to achieve urban water cycle outcomes should be part of developing the Long-Term Financial Plan as it relates to the Water Fund and achieving the objectives established in the Water asset management plan and Council's Asset Management Strategy.

12	RAF OUTCOME **Promote integrated water cycle management**	
(b)	RAF EXPECTATION AREA **How does the utility consider opportunities and methods to increase resource efficiency and recovery in urban water management?**	
No.	**Expectation**	**IP&R development guidance:**
102	The local water utility should develop an understanding of how water resources interact with other resources in their area of operations	Council's Resourcing Strategy considers how Council will allocate all its available resources to deliver strategies established in other IP&R documents and achieve its objectives. The Resourcing Strategy also is a tool for considering resourcing that is the responsibility of other stakeholders in the community. In the CSP, water, energy, transport, food and other resources required to achieve community outcomes will be considered, including how they may be used efficiently and cost effectively.

Asset Management Planning

	RAF OBJECTIVES ADDRESSED IN THIS ELEMENT
1	Understanding service needs
2	Understanding water security
3	Understanding water quality
4	Understanding environmental impacts
5	Understanding system capacity, capability and efficiency
6	Understanding other key risks and challenges
7	Understanding solutions to deliver services
8	Understanding resourcing needs
9	Understanding revenue sources
10	Make and implement sound strategic decisions
12	Promote integrated water cycle management

Tools

Included in the Appendices are tools that may support local water utilities in achieving RAF expectations through IP&R.

Tools for this section:

Appendix E
Appendix H
Appendix I
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Appendix W

RAF CONSIDERATIONS IN

Asset Management Planning

The RAF considerations for asset management planning are discussed below. But first a reminder about the IP&R considerations for asset management:

In the IP&R framework, the intent and purpose of strategic asset management is as follows:

- The Asset Management Strategy identifies (and plans how to achieve) asset solutions to support the achievement of agreed community objectives
- The Asset Management Strategy identifies those assets that are critical to Council's operations and includes risk management strategies for those assets
- The Asset Management Strategy considers Council's asset management capability and includes actions for improving capability, as well as projecting resource requirements and timeframes for the achievement of asset-related outcomes.

In the IP&R framework, the intent and purpose of asset management planning for each class of assets under Council's control is as follows:

- Council must have an asset management plan in place for all classes of assets under its control, including Water and Sewer
- The asset management plan must plan at least ten years ahead for the maintenance, rehabilitation, upgrading or replacement of that class of assets, including forecasting associated costs for reflection in the Long-Term Financial Plan
- The asset management plan must identify service standards for that asset class, based on technical requirements and levels of service agreed with the community.

Local water utilities' asset management planning is likely to extend well beyond the minimum ten-year timeframe established in the IP&R framework. Many assets under a local water utility's control will have very long lifecycles, so asset management plans for LWUs with 30-year, 50-year or longer planning horizons are not unusual and are appropriate. Similarly, the long-term financial planning to resource future asset maintenance, rehabilitation and renewals will have similarly extended planning horizons.

The Department of Planning & Environment's RAF includes 61 expectations that should be considered when developing Council's Asset Management Strategy, Policy and plans.

These expectations (and the RAF outcomes they relate to) are described below, and are supported with guidance about how best to meet these expectations through IP&R.

1	RAF OUTCOME: **Understanding service needs**	
(a)	RAF EXPECTATION AREA: **What are customers' needs, values and preferences?**	
No.	**Expectation**	**IP&R development guidance:**
1	A local water utility should have a sound understanding of, and deliver its services consistent with, the requirements and expectations of its regulators	Council's asset management plan for its water and sewer assets should identify service standards, which should consider how service delivery will be consistent with the requirements and expectations of the regulator.

1	RAF OUTCOME **Understanding service needs**	
(b)	RAF EXPECTATION AREA **What current and future demands are placed on water supply and sewerage systems?**	
No.	**Expectation**	**IP&R development guidance:**
8	A local water utility should analyse and forecast demand for services based on credible and consistent forecasts and assumptions on population and connected properties and sound knowledge of its customer characterisation and profile	The Water and Sewer asset management plan/s should include information about current and predicted future customer numbers, service demand, numbers of connections, and forecast residential and industry customer characteristics to support asset management planning. The Delivery Program report and/or Annual Report may include updates on actual activity (new connections, gL of water use, consumption trends etc).
9	A local water utility should understand its current and future water demands and sewerage system loads, including taking account of key influencing factors on demands/loads and peak behaviour	The Water and Sewer asset management plan/s should consider current and future water demands and sewerage system loads and consider the factors that may influence demands/loads and peak behaviour. This informs sound asset management planning, ensuring provisions are made for future demands, peak loads, and the influence of environmental factors on these (such as drought).

1	RAF OUTCOME **Understanding service needs**	
(c)	RAF EXPECTATION AREA **How will the local water utility consider and address objectives, priorities and evidence of other relevant state or regional strategic planning, including the NSW Water Strategy and regional water strategies?**	
No.	**Expectation**	**IP&R development guidance:**
10	A local water utility should be aware of, understand and consider any objective, priority and evidence set out in relevant state and regional water strategies that may impact on their service needs now and into the future, including risks to town water security	Councils must ensure that their own planning considers relevant State and regional plans related to their community and Council's own activities and service delivery. This will include Regional Water Strategies published by the NSW Government, but also regional housing strategies, climate change strategies, and other State and regional planning that may impact on water/sewer supply, demand and operations. As part of the preparation of Council's Asset Management Strategy and its Water and Sewer asset management plan/s, risks to water supply should be identified and considered, and strategies included to address town water security.

2	RAF OUTCOME **Understanding water security**	
(a)	RAF EXPECTATION AREA **What is the local water utility's access to current and potential water supply sources?**	
No.	**Expectation**	**IP&R development guidance:**
12	The local water utility should understand available water sources	As part of its resourcing considerations, Council's Resourcing Strategy should consider what water sources will be available to resource its water supply function. This may be documented in the Water asset management plan, considered as a local issue to address in the Community Strategic Plan, or be considered more broadly in the Asset Management Strategy if new asset solutions may be necessary to ensure a secure water supply in the future.

2	RAF OUTCOME **Understanding water security**	
(b)	RAF EXPECTATION AREA **How will the local water utility address current and future risks around continuity and reliability of access to water supply sources?**	
No.	**Expectation**	**IP&R development guidance:**
15	To understand the water security of its supply systems, the local water utility should apply sound water security criteria and service levels	The Water asset management plan should apply sound water security criteria and service levels in its consideration of the delivery of its water supply service to the community to ensure it is planning for reliable access to water supply sources into the future.
16	The local water utility should assess the water security of supply systems against these water security criteria and service levels taking account of availability and reliability of water access from relevant water sources, the capacity and capability of its supply systems, and the demand for water now and in the future	As above. The capacity and capability of Council's water supply systems should be a consideration in its Water asset management plan, planning for current and future demand on the system.
17	The local water utility's water security analysis should be proportionate to the scale and complexity of the water supply system and the likelihood and consequences of supply shortfall	Council's Water asset management plan should include analysis of water security and supply. If supply shortfalls are forecast, the Asset Management Strategy should consider asset solutions for addressing this (eg enhanced water storage capacity). The Community Strategic Plan should also identify any forecast water supply shortfalls as an issue to be addressed in the local community, with the Delivery Program identifying what Council commits to delivering during its term in office to contribute to addressing the water supply shortfall.
18	The local water utility should have an adaptive approach to responding to water security risks, understand acute risks to its water supply, and put in place contingency measures to respond to shortfall or extreme events	The Delivery Program will describe Council's emergency management function, which may include responses to extreme events which put pressure on water supply and impact on Council's water supply function. Strategies for managing such events should be considered in the asset management plan.
19	A local water utility should consult with customers and community to determine the level of service and/or risk appropriate for its supply systems, including appropriate water restriction levels	The Community Strategic Plan (CSP) might consider how drought and low water supply levels will be addressed in the community, including by the introduction of water restrictions from time to time. Community engagement undertaken to inform the development of the CSP can also seek to answer questions around service level and risk in relation to water supply from a customer perspective. Council may undertake a dedicated service review as part of its continuous improvement program that seeks to determine service level expectations and appropriate performance measures in consultation with water supply customers and the broader community.

3	RAF OUTCOME **Understanding water quality**	
(a)	RAF EXPECTATION AREA **How will the local water utility address current and future water quality risks?**	
No.	**Expectation**	**IP&R development guidance:**
20	A local water utility should understand and address water quality risks based on and through the implementation of its drinking water management system, as required by the *Public Health Act 2010* and *Public Health Regulation 2022*	The Delivery Program should describe Council's water supply function as one of its principal activities, and the Water asset management plan should demonstrate how water quality risks are understood and managed in accordance with the regulatory framework within which Council operates.
21	A local water utility should consider water quality risks for any future sources of drinking water consistent with drinking water management	Asset solutions planned for future drinking water supply should be identified in the Asset Management Strategy, with consideration of how water quality risks will be managed through the identified service delivery solution.

3	RAF OUTCOME **Understanding water quality**	
(b)	RAF EXPECTATION AREA **How will the local water utility meet relevant regulatory standards, such as on drinking water quality management and fluoridation?**	
No.	**Expectation**	**IP&R development guidance:**
22	A local water utility should ensure that relevant legislative requirements relating to water quality are identified and addressed	Service standards identified for Council's water supply service should ensure water quality requirements will be identified and addressed. This information may be captured in the Delivery Program (describing Council's water supply service function) and/or in the Water asset management plan (describing how the water supply function is delivered through Council's water supply assets)

4	RAF OUTCOME **Understanding environmental impacts**	
(a)	RAF EXPECTATION AREA **How will the local water utility address current and future environmental impact risks in its sewerage systems?**	
No.	**Expectation**	**IP&R development guidance:**
23	A local water utility should identify, and understand how to address, any current and future impacts and risks to the natural environment (e.g. pollution and/or degradation) and any risks to human health associated with the management of wastewater generated from domestic, associated commercial and industrial premises	The Community Strategic Plan is the vehicle for identifying current and future risks to the natural environment associated with the management of domestic, commercial and industrial wastewater. It can also identify strategies to mitigate these risks, as well identifying the role various stakeholders in the community have in reducing the risks and impacts. The Delivery Program can specifically identify Council's commitments in relation to managing these risks, and its asset management processes can consider Council's own wastewater generation and how to minimise its impacts.

4	RAF OUTCOME **Understanding environmental impacts**	
(b)	RAF EXPECTATION AREA **How will the local water utility meet relevant regulatory standards, such as licence requirements set by the environmental regulator?**	
No.	**Expectation**	**IP&R development guidance:**
24	A local water utility should understand and address any regulatory standards and requirements imposed, or likely to be imposed, under any licenses required under the *Protection of the Environment Operations Act 1997*	Council's Delivery Program identifies the principal activities to be undertaken by Council as it performs its functions and is an opportunity to describe the regulatory standards it will meet in the delivery of those functions. Where the management of water supply assets will impact on service standards and regulatory requirements, this may be identified and described in the Water asset management plan.

5	RAF OUTCOME **Understanding system capacity, capability and efficiency**	
(a)	RAF EXPECTATION AREA **How will the local water utility understand the capacity and capability of systems to deliver water, and collect and treat sewage (and future capacity and capability needs)?**	
No.	**Expectation**	**IP&R development guidance:**
25	The utility's knowledge of the capacity of its water and sewerage systems should adequately cover its assets, be sufficiently accurate and current	The Water and Sewer Water asset management plan/s should include accurate and contemporary information about the capacity and capability of Council's water and sewer systems. Future enhancements or expansion of asset capacity or capability may be planned for in Council's Asset Management Strategy which identifies asset solutions to meet community objectives into the future.
26	The utility should understand the current capability of its water and sewerage systems	The Water and Sewer Water asset management plan/s should demonstrate Council's understanding of its current systems capabilities.
27	The utility's understanding of capability should be proportionate to the criticality of assets and systems	
28	The utility should anticipate the future capability of its water and sewerage systems	In its asset management planning, Council should be informed by its other strategic planning activities that identify issues for consideration, including its land-use planning and economic development planning. Council should also consider the objectives of the Community Strategic Plan in its asset management planning (eg "grow our population", "increase housing supply", "encourage new industry" etc) as well as State and regional planning that may indicate changing future demands on water and sewerage systems.
29	The utility should understand the criticality of its water and sewerage systems	The Water and Sewer Water asset management plan/s should articulate Council's understanding of the criticality of its water and sewerage systems. If enhancements are identified for future development and implementation, these may be planned for in the Asset Management Strategy.
30	The utility should understand the performance of its water and sewerage systems	Council's Water and Sewer asset management plan/s should include information about how the assets' performance will be monitored. This may include information that demonstrates how agreed service standards and regulatory requirements are being met. This may be reported in Delivery Program progress reports (reporting on the delivery of the water and sewer service/function) and in the Annual Report to the community.

5	RAF OUTCOME **Understanding system capacity, capability and efficiency**	
(b)	RAF EXPECTATION AREA **How will the local water utility consider water efficiency in its systems?**	
No.	**Expectation**	**IP&R development guidance:**
31	The utility should understand the efficiency of its water supply system	The Delivery Program must address ongoing improvements to the efficiency of Council and its activities, including its water supply function. This may be achieved through a service review which, in consultation with customers and others in the community, may determine service level expectations and appropriate efficiency measures.
32	The utility should compare its efficiency in relation to its peers	

6	RAF OUTCOME **Understanding other key risks and challenges**	
(a)	RAF EXPECTATION AREA **How will the local water utility address other key risks in its systems now and into the future?**	
No.	**Expectation**	**IP&R development guidance:**
33	A local water utility should identify and understand the risks and challenges relevant to its unique operating context for delivery of water and sewerage services.	Council's Water and Sewer Water asset management plan/s should identify the risks and challenges relevant to its unique operating environment and include strategies for addressing these in its service delivery. This information may also be included in the Delivery Program activity describing Council's water and sewer function.
34	A local water utility should have in place systems for managing risks and challenges consistent with good practice	The asset management plan strategies for managing risks and challenges should be consistent with industry good practice. This will include a Risk Register that is regularly updated and reviewed by the Executive Team and monitored by the council's Audit, Risk & Improvement Committee.
35	A local water utility's understanding of key risks and challenges should integrate with its overall approach to strategic planning and should manage key risks and challenges alongside other outcomes such as water quality and water security	Council's broad Risk Management Framework, including its Risk Policy, Risk Appetite Statements and so on, should consider water quality and water security risks and challenges, and identify Council's approach to managing these.

6	RAF OUTCOME **Understanding other key risks and challenges**	
(b)	RAF EXPECTATION AREA **How will the local water utility meet relevant regulatory standards?**	
No.	**Expectation**	**IP&R development guidance:**
36	A local water utility should understand the scope and implications of the regulatory standards that are relevant to strategic planning for its water and sewerage services	For all of Council's functions and the principal activities described in the Delivery Program, the regulatory environment that Council operates within should be reflected and understood. This applies to Council's water and sewerage services, and the asset management plans for water and sewer assets should identify Council's regulatory obligations and discuss how they will be met.
37	The local water utility has in place processes for monitoring compliance and performance against relevant regulatory standards and for implementing corrective actions when required	All of Council's planning documents (including the CSP, DP, OP, AM Strategy, AM Plan/s, LTFP) must include the application of measures by which performance and effectiveness of identified activities can be monitored. It is usual for councils to undertake quarterly performance monitoring for review by the leadership team; as well as (at least) 6-monthly progress reports to the governing body on the implementation of the Delivery Program.

6	RAF OUTCOME **Understanding other key risks and challenges**	
(c)	RAF EXPECTATION AREA **How has the local water utility considered climate risks?**	
No.	**Expectation**	**IP&R development guidance:**
38	A local water utility should identify and assess climate risks within its overall risk management approach while recognising the unique features of climate risks	Council's broad Risk Management Framework, including its Risk Policy, Risk Appetite Statements and so on, should consider water quality and water security risks and challenges, and identify Council's approach to managing these.
39	A local water utility should use robust data in planning to respond to climate risks	All Council's planning should be evidence-based and utilise contemporary, industry-recognised data to support the planning process, that is when answering the "where are we now" question and establishing a target for the "where do we want to be" question.
40	A local water utility should assess climate risks holistically and across its business and value chain	Consideration of all risks that may impact on service delivery and business functions (including climate change risks) should be an essential element of Council's IP&R practice.

6	RAF OUTCOME **Understanding other key risks and challenges**	
(d)	RAF EXPECTATION AREA **How is the local water utility planning for drought?**	
No.	**Expectation**	**IP&R development guidance:**
41	A local water utility should undertake tactical planning to respond to drought as a component of the strategic-level approach to water security planning	Drought impacts and drought responses will always be a consideration for local water utilities, as well as for local communities generally. The CSP should include information about drought forecasts and community impacts and strategies (such as application of water restrictions). The Asset Management Strategy provides a vehicle for planning Council's response to drought risk, including consideration of water storage capacity. The Delivery Program will articulate the specific activities Council will undertake during its term to contribute to CSP strategies and progress Asset Management Strategy objectives (resourced through the Long-Term Financial Plan and Workforce Management Plan).
42	A local water utility should engage with its customers and community to obtain feedback on its proposed responses to drought	Community engagement undertaken to inform the development of the whole suite of IP&R documents will provide opportunities to get community feedback about proposed drought responses.
43	A local water utility's planning for drought should be consistent with its planning for incidents, emergencies, and extreme events	Key stakeholders for inclusion in engagement discussions about drought management will be the Local Emergency Management Committee. This will help Council to understand and plan for how its drought responses may impact on other emergency planning. For example, consideration of water availability in times of drought for firefighting emergencies. These responses can then be reflected in the asset management plan.
44	A local water utility should consider risk holistically across its whole business when planning for drought	Drought may present a range of risks for Council to manage and mitigate, including in relation to the supply chain, workforce availability, local amenity (parks & gardens) etc. These should be reflected in relevant asset management plan.

6	RAF OUTCOME **Understanding other key risks and challenges**	
(e)	RAF EXPECTATION AREA **How is the local water utility planning and preparing for incidents, emergencies, and extreme events and ensuring continuity of service?**	
No.	**Expectation**	**IP&R development guidance:**
45	A local water utility should understand the resilience of its infrastructure and organisation and should identify the events that could impact continuity of service	Both the Asset Management Strategy and the water/sewer asset management plans provide opportunities to document Council's understanding of the resilience of its infrastructure and possible impacts on service continuity. Council's proposed response to any risks arising should also be documented, and actions for implementation captured in the relevant Delivery Program and Operational Plan, resourced through the Long-Term Financial Plan and Workforce Management Plan.
46	A local water utility should have systems and processes in place to identify, prepare for, plan for, respond to and recover from incidents, emergencies and extreme events	Council's Disaster Risk Management Planning provides an opportunity to document the systems and processes for identifying, preparing for, responding to, and recovering from incidents, emergencies and extreme events. These may be operationalised through the Delivery Program and Operational Plans and resourced through the Resourcing Strategy. Additionally, Council's Drinking Water Management Systems and annual reports to the regulators may include information to demonstrate how this expectation has been met. Environment Protection Authority licences may include Incident Response Plans that are further evidence of meeting this expectation.

7	RAF OUTCOME **Understanding solutions to deliver services**	
(a)	RAF EXPECTATION AREA **How are options for delivering services and managing risks analysed?**	
No.	**Expectation**	**IP&R development guidance:**
47	The local water utility should base the development and evaluation of options for service delivery on its understanding of service needs – this is its service objectives	Identifying, developing, analysing and evaluating options for service delivery that reflects service needs and address risks is a fundamental part of the development of the Delivery Program, also balanced by what is available through the Resourcing Strategy
48	The local water utility should identify all viable options for meeting service needs	
49	The local water utility should consider and, where feasible, evaluate the economic, environmental, and social costs and benefits of each option over their life cycle	Identifying, developing, analysing and evaluating options for service delivery that reflects service needs and address risks is a fundamental part of the development of the Delivery Program, also balanced by what is available through the Resourcing Strategy
50	The local water utility's evaluation of the costs and benefits of options should identify and consider key risks	

7	RAF OUTCOME **Understanding solutions to deliver services**	
(b)	RAF EXPECTATION AREA **How are assets managed over their life cycle to ensure service levels are met?**	
No.	**Expectation**	**IP&R development guidance:**
51	The local water utility's development and evaluation of options should be based on an asset management system that is of a reasonable standard	Whole of lifecycle asset management should be captured in the asset management plan for each asset class. This includes consideration of how agreed service levels will be met and resourced (costed through the Long-Term Financial Plan).

7	RAF OUTCOME **Understanding solutions to deliver services**	
(c)	RAF EXPECTATION AREA **How are preparedness and resilience management during extreme events considered?**	
No.	**Expectation**	**IP&R development guidance:**
52	The local water utility's options analysis should incorporate consideration of uncertainty, resilience and preparedness for extreme events	(See also #47-50 above) Councils' IP&R development will increasingly need to demonstrate how consideration of resilience and preparedness for extreme events has informed planning and resourcing outcomes. Given the changing nature of extreme events, modelling rather than just relying on past evidence may be required here.

7	RAF OUTCOME **Understanding solutions to deliver services**	
(d)	RAF EXPECTATION AREA **How are supply and demand side options for water supply identified and evaluated?**	
No.	**Expectation**	**IP&R development guidance:**
53	The local water utility should evaluate costs and benefits of all viable supply and demand-side options in determining the best way to balance water supply and demand	Cost-benefit analysis is part of asset management and broader Resourcing Strategy development. Community engagement outcomes may also serve to inform water supply and demand balance planning. Councils may need to undertake a specific study that considers all viable supply options to inform their cost-benefit analysis and stakeholder engagement activities to inform the decision about which is the preferred option.

8	RAF OUTCOME **Understanding resourcing needs**	
(a)	RAF EXPECTATION AREA **What resourcing is needed to deliver services and manage risks?**	
No.	**Expectation**	**IP&R development guidance:**
54	A local water utility should understand its resourcing needs to deliver its services and effectively manage its risks	The asset management plan for each asset class (including water and sewer) should consider the whole-of-life costs for delivering that asset to the community at an agreed level of service and effectively managing associated risks. This should include consideration of workforce and technology resource requirements, as well as the financial resources required. This information should then be translated into the relevant Resourcing Strategy documents, and new resource solutions achieved through the Delivery Program and Operational Plan.

8	RAF OUTCOME **Understanding resourcing needs**	
(b)	RAF EXPECTATION AREA **What are the lifecycle costs of managing assets?**	
No.	**Expectation**	**IP&R development guidance:**
55	A local water utility should understand the lifecycle costs of their assets to inform their development and evaluation of servicing options and their resourcing needs	Whole-of-life costs should be considered in the asset management plan for each asset class and reflected in other relevant Resourcing Strategy documents (including the Long-Term Financial Plan and Workforce Management Plan).
56	A local water utility's lifecycle cost analysis should consider all costs associated with the design, development, delivery and operation of assets over their lives	

9	RAF OUTCOME **Understanding revenue sources**	
(a)	RAF EXPECTATION AREA **What are the revenue sources available to fund the delivery of services?**	
No.	**Expectation**	**IP&R development guidance:**
59	A local water utility should understand its revenue requirements and revenue sources for the next pricing period and over the medium and long term	The Long-Term Financial Plan seeks to ask and answer questions about Council's revenue requirements and revenue sources over the short, medium and long-term, informed through asset management planning and the Asset Management Strategy.

10	RAF OUTCOME **Make and implement sound strategic decisions**	
(a)	RAF EXPECTATION AREA **Expectations of local water utilities when making and implementing sound strategic decisions**	
No.	**Expectation**	**IP&R development guidance:**
66	The local water utility's strategic decisions should be made by councillors	The suite of IP&R documents is developed in collaboration with the governing body, and formally adopted by them (except the CSP which is endorsed by them on behalf of the community).
68	The local water utility should make strategic decisions framed by a clear set of problems and objectives	Asset management planning seeks to ask and answer four key planning questions: – where are we now? – where do we want to be in the future? (short, medium and long-term)? – how will we get there? – how will we know we're on track? Answering these questions will address problems/issues confronting Council and/or its community; and will establish agreed objectives to work towards.
69	The local water utility should base strategic decisions on sound evidence - that is, based on its understanding of service needs, risks, solutions, and resources to address needs and risks as gathered by achieving the strategic planning outcomes set out in the Regulatory and Assurance Framework.	The development of all IP&R documents should be based on sound evidence, including: – data that identifies 'where we are now' – outcomes arising from service reviews – past plan implementation monitoring and reporting results – risk assessments and risk mitigation strategies etc.
70	The local water utility should make, record and publish strategic decisions	The Asset Management Strategy and Policy appear in the Business Paper where they are being submitted for endorsement for public exhibition, and when they are being submitted for formal adoption. These asset management documents are then required to be published on Council's website.
71	The local water utility should implement strategic decisions, monitor performance, and then evaluate and adapt them (including potentially re-making them)	The IP&R cycle includes regular monitoring and review: – at the commencement of each Council term a State of the Shire report describes progress in achieving CSP objective – annually an Annual Report is published providing an update on the delivery of the Delivery Program's commitments. These reporting processes include monitoring of asset performance, review and evaluation, and the opportunity to make evidence-base adjustments if necessary.
12	RAF OUTCOME **Promote integrated water cycle management**	
(a)	RAF EXPECTATION AREA **How are urban water cycle outcomes including water security, public health, environmental and urban amenity and liveability identified, achieved and funded?**	
No.	**Expectation**	**IP&R development guidance:**
97	The local water utility should identify the full range of urban water cycle outcomes and the community values from all uses of water across the urban water cycle	Documenting its understanding of the full range of urban water cycle outcomes and community value will be part of developing the information used to inform the development of the CSP, the Delivery Program and the relevant asset management plan.

98	The local water utility should identify all parts of the urban water cycle relevant to their area of operations	The water asset management plan should consider all parts of the urban water cycle as it relates to the delivery of urban water infrastructure, levels of service and community outcomes achieved.
99	The local water utility should have collaborative governance arrangements in place with all those responsible for parts of the urban water cycle	The water asset management plan should consider governance arrangements necessary for meeting statutory obligations for urban water cycle delivery.
100	The local water utility should extend its corporate tools and management systems to enable more collaborative governance and to foster a deeper understanding of the urban planning context	Collaborative governance in a water utility's urban water planning context may include cross-organisation representation on a water Asset Management Committee (with representation from Council's finance, governance, workforce and corporate planning teams). External representatives may also be invited to participate in such governance arrangements.
12	RAF OUTCOME **Promote integrated water cycle management**	
(b)	RAF EXPECTATION AREA **How does the utility consider opportunities and methods to increase resource efficiency and recovery in urban water management?**	
No.	**Expectation**	**IP&R development guidance:**
102	The local water utility should develop an understanding of how water resources interact with other resources in their area of operations	Council's Resourcing Strategy considers how Council will allocate all its available resources to deliver strategies established in other IP&R documents to achieve its objectives.
103	The local water utility should consider opportunities and methods to increase energy and waste efficiency and resource recovery	Most communities' CSPs discuss energy efficiency, waste reduction and resource recovery. While this may often be stated in terms of electric energy and waste to landfill, the CSP provides a vehicle for considering water use efficiency, water waste reduction, and water recovery and reuse, which may be addressed in the asset management planning process. The Delivery Program and Water asset management plan provide the vehicle for describing Council's commitments and proposed activities in relation to water waste reduction, water recovery and water re-use.
12	RAF OUTCOME **Promote integrated water cycle management**	
(c)	RAF EXPECTATION AREA **How is the local water utility supporting customers to increase water literacy and support water efficiency measures?**	
No.	**Expectation**	**IP&R development guidance:**
105	The local water utility should evaluate water efficiency measures on an equal basis with other supply and demand options and implement them where it is cost effective to do so	Identifying evidence-based, better practice water efficiency measures and targets will enable Council to measure and monitor water efficiency outcomes over time. This information will inform future strategy development for continuing to enhance water efficiency outcomes.
106	The local water utility should use the guidance in the NSW Water Efficiency Framework to work towards best-practice water efficiency	All Council's planning should be evidence-based and be informed by contemporary, industry-recognised best practice.

Long-term Financial Planning

	RAF OBJECTIVES ADDRESSED IN THIS ELEMENT
9	Understanding revenue sources
11	Implementing sound pricing and prudent financial management
12	Promote integrated water cycle management

Tools

Included in the Appendices are tools that may support local water utilities in achieving RAF expectations through IP&R.

Tools for this section:

Appendix O

RAF CONSIDERATIONS FOR

Long-term Financial Planning

The RAF considerations for long-term financial planning are discussed below. But first a reminder about the IP&R considerations for long-term financial planning:

In the IP&R framework, the intent and purpose of long-term financial planning is as follows:

- The Long-Term Financial Plan assists Council to plan for a financially sustainable future by projecting at least ten years into the future to forecast revenue and expenditure
- The Long-Term Financial Plan establishes how short-term (annual budget), medium-term (Delivery Program estimates) and longer-term (CSP and Asset Strategy) expenditure will be funded through various revenue sources (including rates, fees and charges, grants, and borrowing).

Local water utilities' long-term financial planning is likely to extend well beyond the minimum ten-year timeframe established in the IP&R framework. Long-Term Financial Plans for LWUs with 30-year, 50-year or longer planning horizons are not unusual and are appropriate. Similarly, the asset management planning that informs these long-term cost and revenue projections will have similarly extended planning horizons.

The Department of Planning & Environment's RAF includes 19 expectations relating to long-term financial planning that should be considered by councils' Long-Term Financial Plan.

These expectations (and the RAF outcomes they relate to) are described below, and are supported with guidance about how best to meet these expectations through IP&R.

9	RAF OUTCOME **Understanding revenue sources**	
(a)	RAF EXPECTATION AREA **What are the revenue sources available to fund the delivery of services?**	
No.	**Expectation**	**IP&R development guidance:**
58	A local water utility's water and sewerage prices and developer charges should be its primary funding source to recover the costs of providing water and sewerage services	Council's Statement of Revenue Policy will be the primary document for identifying water and sewerage charges and the basis for their determination, for reflection in the Long-Term Financial Plan's forecasts.
59	A local water utility should understand its revenue requirements and revenue sources for the next pricing period and over the medium and long term	The Long-Term Financial Plan seeks to ask and answer questions about Council's revenue requirements and revenue sources over the short, medium and long-term, informed through asset management planning and the Asset Management Strategy.
9	RAF OUTCOME **Understanding revenue sources**	
(b)	RAF EXPECTATION AREA **What is customers' ability to pay for services?**	
60	A local water utility should understand its customers' ability to pay in proportion to any proposed price rise, and should transparently justify any instance where the ability to pay prevents full cost recovery from prices	As part of developing its Statement of Revenue Policy, consideration should be given to customers' ability to pay. Community engagement and socio-economic research may be required from time to time to test the currency of Council's Statement of Revenue Policy assumptions. The Statement of Revenue Policy should also provide evidence for the basis of any price rises and justify (particularly in relation to water pricing) any instance where ability to pay has prevented a full cost-recovery pricing model.
11	RAF OUTCOME **Implement sound pricing and prudent financial management**	
(a)	RAF EXPECTATION AREA **A local water utility's water and sewerage prices should recover its efficient costs of providing water and sewerage services to customers.**	
No.	**Expectation**	**IP&R development guidance:**
72	A utility should recover all its efficient costs of providing water and sewerage services to customers through prices, with prices set at lower bound, or above	The Resourcing Strategy, including through the annual development of the Statement of Revenue Policy and the Long-Term Financial Plan, considers customer pricing and cost recovery.
73	A utility should establish separate revenue requirements for each of its services (water supply and sewerage)	The Long-Term Financial Plan makes projections of revenue and expenditure for each of Council's 'funds', including the General Fund and separate Water and Sewer Funds.

74	To calculate the revenue requirement for each service, the utility should identify and attribute its direct costs to its water and sewerage services and allocate common costs, consistent with the utility's cost allocation manual	Cost attribution and allocation is achieved through the development of the Statement of Revenue Policy and Long-Term Financial Plan.
75	The revenue requirement a utility uses to set its prices should reflect the efficient costs of supplying its services to appropriate levels	The Local Government Act requires that Councils should plan strategically, using the IP&R framework, for the provision of effective and efficient services and regulation to meet the diverse needs of the local community.
76	The utility's revenue requirement should include allowances for taxes and tax equivalent regime (TER) payments	In determining fees and charges as part of the development of the Statement of Revenue Policy, the LWU will consider the requirements of the National Competition Policy, as required when preparing its special purpose financial statements at end-of-year, given that the LWU has a monopoly in that market. The related costs (including income tax, stamp duties on insurance and debt guarantee fees) should be included in the calculation of the cost for providing the water and sewer supply service and be used in calculating charges for the purpose of generating revenue.
77	Demand forecasts a utility uses to set prices should come from an appropriate forecasting method	The assumptions used by Council in its Long-Term Financial Plan, including demand forecasts, should be evidence-based and documented in the Long-Term Financial Plan.
11	RAF OUTCOME **Implement sound pricing and prudent financial management**	
(b)	RAF EXPECTATION AREA **A local water utility's water and sewerage prices are cost reflective, fair and equitable, and structured to promote efficient investment and consumption decisions, including the efficient and sustainable provision and use of water and sewerage services**	
No.	**Expectation**	**IP&R development guidance:**
79	A utility should implement a cost reflective, two-part tariff structure for both water and sewerage services that recovers its revenue requirements	The Statement of Revenue Policy's Schedule of Fees and Charges should demonstrate how the access and usage elements of the relevant charges recover the costs of delivering the water and sewerage services.
84	Water and sewerage availability charges should recover the residual revenue required	The pricing methodology applied in the Statement of Revenue Policy should demonstrate how the supply costs for the water and sewerage services have been considered in recovering the infrastructure costs through availability charges.
90	The infrastructure cost of servicing growth should be recovered as developer charges consistent with department's developer charges guidelines	Council's "s94" Developer Contributions Plan will support the recovery of infrastructure costs related to servicing growth.

11	RAF OUTCOME **Implement sound pricing and prudent financial management**	
(c)	RAF EXPECTATION AREA **A local water utility's water and sewerage prices are reasonably stable over time and consider affordability and impact on customers**	
No.	**Expectation**	**IP&R development guidance:**
91	A utility should consider how to manage revenue volatility over time while maintaining a relatively stable price path	The Long-Term Financial Plan is the vehicle for considering revenue and expenditure peaks and troughs over time (including reflecting on past financial performance), as well as a sensitivity analysis to identify where the projections may be subject to external shocks and volatility.
92	A utility should establish multi-year pricing paths (periods) for its water and sewerage services	The Long-Term Financial Plan is the vehicle for considering multi-year pricing paths for implementation through each annual Statement of Revenue Policy.
93	The utility should conduct analysis of potential effects on customers before finalising prices	As part of developing its Statement of Revenue Policy, consideration should be given to customers' ability to pay. Community engagement and socio-economic research may be required from time to time to test the currency of Council's Statement of Revenue Policy assumptions. The Statement of Revenue Policy should also provide evidence for the basis of any price rises and justify (particularly in relation to water pricing) any instance where ability to pay has prevented a full cost-recovery pricing model. This evidence serves to inform Long-Term Financial Plan forecasting.
94	The utility should consider ways to minimise the potential effect of price increases on customers	

11	RAF OUTCOME **Implement sound pricing and prudent financial management**	
(d)	RAF EXPECTATION AREA **The utility properly considers dividend payments**	
No.	**Expectation**	**IP&R development guidance:**
95	The utility may pay dividends to the owner council, if it meets certain pre-conditions	Any revenue expected to be generated through dividends will be captured in the Long-Term Financial Plan, and an expenditure plan may be included in the relevant asset management plan for that asset class.

11	RAF OUTCOME **Implement sound pricing and prudent financial management**	
(e)	RAF EXPECTATION AREA **The local water utility 'ring-fences' the water supply and sewer business funds from the council's general-purpose fund**	
No.	**Expectation**	**IP&R development guidance:**
96	The utility should establish and maintain accounting separation for its water services from the rest of the council's operations	Under the NSW Accounting Code of Practice, Council must account for its water services in a separate Fund.

12	RAF OUTCOME **Promote integrated water cycle management**	
(a)	RAF EXPECTATION AREA **How are urban water cycle outcomes including water security, public health, environmental and urban amenity and liveability identified, achieved and funded?**	
No.	**Expectation**	**IP&R development guidance:**
101	The local water utility should establish agreed funding arrangements and cost-recovery mechanisms to achieve urban water cycle outcomes	Confirming funding arrangements and cost-recovery mechanisms to achieve urban water cycle outcomes should be part of developing the Long-Term Financial Plan as it relates to the Water Fund and achieving the objectives established in the Water asset management plan and Council's Asset Management Strategy.

Workforce Management Planning

RAF OBJECTIVES ADDRESSED IN THIS ELEMENT

8	Understanding resourcing needs

Tools

Included in the Appendices are tools that may support local water utilities in achieving RAF expectations through IP&R.

Tools for this section:

Appendix V

RAF CONSIDERATIONS FOR

Workforce Management Planning

The RAF considerations for workforce management planning are discussed below. But first a reminder about the IP&R considerations for workforce planning:

In the IP&R framework, the intent and purpose of workforce management planning is as follows:

- The Workforce Management Plan/Strategy identifies how Council's human resources (its workforce) will be most effectively utilised to achieve the commitments of the Delivery Program
- The Workforce Management Plan/Strategy provides Council with the opportunity to identify key workforce gaps, areas for skill development, succession planning and the use of trainees and apprentices, and plans for how these can be realised in order to achieve the Delivery Program's commitments.

The Department of Planning & Environment's RAF includes 1 expectation relating directly to workforce management planning that should be considered by councils' Workforce Management Strategy.

This expectation (and the RAF outcome it relates to) is described below, and is supported with guidance about how best to meet these expectations through IP&R.

Identification of the technical and operational skills needed to deliver LWU services (and to manage risks), as well as identification of workforce gaps and strategies to address these, has been a major challenge for at least a decade. This challenge was identified through the Town Water Risk Reduction Program and is now the subject of ongoing work by the Department of Climate Change Energy, the Environment and Water (DCCEEW formerly DPE), being developed through a Skills and Training Focus Group.

To see the work of the Skills and Training Focus Group under development, go to: Improve access to skills and training | Water (nsw.gov.au)

Where the quality of workforce data remains an issue across the sector, work is underway by the DCCEEW to quantify the extent of staff shortages and barriers to training and to develop strategies to address these. The CNSWJO continues to identify and coordinate the delivery of water operator training and to facilitate workforce data gathering. Please contact the CNSWJO for further information.

8	RAF OUTCOME **Understanding resourcing needs**	
(c)	RAF EXPECTATION AREA **What are the technical and operational skills needed to deliver services and manage risks and how does the local water utility do workforce planning?**	
No.	**Expectation**	**IP&R development guidance:**
57	The local water utility should undertake strategic workforce planning to understand the technical and operational skills needed to deliver their services and manage risks	The Workforce Management Plan is a strategic workforce planning document that seeks to identify and address the workforce needs for delivering the Delivery Program. This includes consideration of the availability of technical and operational skills needed to deliver services and manage risks, and strategies for maintaining or acquiring those skills as required.

Reporting (Monitoring and Review)

	RAF OBJECTIVES ADDRESSED IN THIS ELEMENT
	DELIVERY PROGRAM PROGRESS REPORTING
1	Understanding service needs
5	Understanding system capacity, capability and efficiency
10	Make and implement sound strategic decisions
12	Promote integrated water cycle management

	ANNUAL REPORT
1	Understanding service needs
5	Understanding system capacity, capability and efficiency
11	Implementing sound pricing and prudent financial management

Tools

Included in the Appendices are tools that may support local water utilities in achieving RAF expectations through IP&R.

Tools for this section:

Appendix H Appendix I Appendix R Appendix S

RAF CONSIDERATIONS FOR

Reporting

The RAF considerations for reporting are discussed below. But first a reminder about the IP&R considerations for reporting:

In the IP&R framework, the intent and purpose of reporting of Delivery Program progress is as follows:

- A report from the General Manager/Chief Executive Officer to the elected Council about progress of delivering the principal activities identified in the Delivery Program, provided at least 6-monthly
- The report enables the governing body to review progress of delivering its commitments to the community.

In the IP&R framework, the intent and purpose of the Annual Report is as follows:

- The Annual Report is a key point of accountability between Council and its community
- The Annual Report's focus is on Council's progress in implementing its Delivery Program commitments, including through the implantation of the reporting year's Operational Plan
- The Annual Report considers how effective the principal activities of the Delivery Program have been in achieving or progressing community objectives
- The Annual Report reports on service reviews undertaken, the results of those reviews and any changes made to levels of service as a result of those reviews
- Council must report on their assets, including condition assessment, and renewal and maintenance expenditure, in their annual financial statements.

The Department of Planning & Environment's RAF includes 10 expectations relating to reporting that should be considered by councils.

These expectations (and the RAF outcomes they relate to) are described below, and are supported with guidance about how best to meet these expectations through IP&R.

DELIVERY PROGRAM PROGRESS REPORTING

1	RAF OUTCOME **Understanding service needs**
(b)	RAF EXPECTATION AREA **What current and future demands are placed on water supply and sewerage systems?**

No.	Expectation	IP&R development guidance:
8	A local water utility should analyse and forecast demand for services based on credible and consistent forecasts and assumptions on population and connected properties and sound knowledge of its customer characterisation and profile	The Community Strategic Plan should provide some data about *'where we are now'* as a local area (including population, current and emerging environmental issues and so on) and include forecasts about 'where we will be in the future' (population changes, climate change impacts etc). The Delivery Program report and/or Annual Report may include updates on actual activity (new connections, gL of water use and consumption trends etc).
9	A local water utility should understand its current and future water demands and sewerage system loads, including taking account of key influencing factors on demands/loads and peak behaviour	The water and sewer Asset Management Plan should consider current and future water demands and sewerage system loads and consider the factors that may influence demands/loads and peak behaviour. This informs sound asset management planning, ensuring provisions are made for future demands, peak loads, and the influence of environmental factors on these (such as drought). Information about how successful asset management planning was in addressing these identified issues may be included in Council's reporting activities.

5	RAF OUTCOME **Understanding system capacity, capability and efficiency**
(a)	RAF EXPECTATION AREA **How will the local water utility understand the capacity and capability of systems to deliver water, and collect and treat sewage (and future capacity and capability needs)?**

No.	Expectation	IP&R development guidance:
30	The utility should understand the performance of its water and sewerage systems	Council's water and sewer Asset Management Plan should include information about how the assets' performance will be monitored. This may include information that demonstrates how agreed service standards and regulatory requirements are being met. This may be reported in Delivery Program progress reports (reporting on the delivery of the water and sewer service/ function) and in the Annual Report to the community.

5	RAF OUTCOME **Understanding system capacity, capability and efficiency**	
(b)	RAF EXPECTATION AREA **How will the local water utility consider water efficiency in its systems?**	
No.	**Expectation**	**IP&R development guidance:**
31	The utility should understand the efficiency of its water supply system	The Delivery Program must address ongoing improvements to the efficiency of Council, including its water supply system. This may be achieved through a service review which, in consultation with customers and others in the community, may determine service level expectations and appropriate efficiency measures. These improvements and efficiencies achieved should be included in Council's reporting.
32	The utility should compare its efficiency in relation to its peers	

10	RAF OUTCOME **Make and implement sound strategic decisions**	
(a)	RAF EXPECTATION AREA **Expectations of local water utilities when making and implementing sound strategic decisions**	
No.	**Expectation**	**IP&R development guidance:**
71	The local water utility should implement strategic decisions, monitor performance, and then evaluate and adapt them (including potentially re-making them)	The IP&R cycle includes regular monitoring and review: – at least every six months the General Manager/Chief Executive Officer provides a report to the governing body on the progress of implementing the Delivery Program – quarterly reports are provided to the governing body to track actual revenue and expenditure against the adopted Budget. All these reporting processes include monitoring of performance, review and evaluation, and the opportunity to make evidence-base adjustments if necessary.

12	RAF OUTCOME **Promote integrated water cycle management**	
(c)	RAF EXPECTATION AREA **How is the local water utility supporting customers to increase water literacy and support water efficiency measures?**	
No.	**Expectation**	**IP&R development guidance:**
105	The local water utility should evaluate water efficiency measures on an equal basis with other supply and demand options and implement them where it is cost effective to do so	Identifying evidence-based, better practice water efficiency measures and targets will enable Council to measure and monitor water efficiency outcomes over time. This information will inform future strategy development for continuing to enhance water efficiency outcomes and provide a basis for Council's reporting.

ANNUAL REPORT

1	RAF OUTCOME **Understanding service needs**	
(b)	RAF EXPECTATION AREA **What current and future demands are placed on water supply and sewerage systems?**	
No.	**Expectation**	**IP&R development guidance:**
8	A local water utility should analyse and forecast demand for services based on credible and consistent forecasts and assumptions on population and connected properties and sound knowledge of its customer characterisation and profile	The Community Strategic Plan should provide some data about 'where we are now' as a local area (including population, current and emerging environmental issues and so on) and include forecasts about 'where we will be in the future' (population changes, climate change impacts etc). The Delivery Program report and/or Annual Report may include updates on actual activity (new connections, gL of water use and consumption trends etc).
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No.	**Expectation**	**IP&R development guidance:**
30	The utility should understand the performance of its water and sewerage systems	Council's water and sewer Asset Management Plan should include information about how the assets' performance will be monitored. This may include information that demonstrates how agreed service standards and regulatory requirements are being met. This may be reported in Delivery Program progress reports (reporting on the delivery of the water and sewer service/function) and in the Annual Report to the community.
11	RAF OUTCOME **Implement sound pricing and prudent financial management**	
(a)	RAF EXPECTATION AREA **A local water utility's water and sewerage prices should recover its efficient costs of providing water and sewerage services to customers.**	
No.	**Expectation**	**IP&R development guidance:**
78	A utility should report a community service obligation, if it unlikely to recover its costs from prices over the longer term	The Long-Term Financial Plan provides the vehicle to discuss and respond to this.

Further information

This Toolkit is intended to provide local water utility and council practitioners with a sound starting point for their strategic planning practice. Additional information to support better strategic planning outcomes can be found using the following links:

- Department of Planning and Environment's Regulatory and Assurance Framework for local water utilities 
- Office of Local Government's Integrated Planning & Reporting Guidelines 
- A potential regional approach to local water utility strategic planning 
- Using the IP&R framework for local water utility strategic planning 
- NSW Government's Safe and Secure Water program 
- NSW Government's 'Water for the environment' information about Central West and Orana 
- Department of Agriculture, Water and Environment's Town and city water security definition and diagnostic 
- NSW Public Works Water resources and services 
- Australian Government's (NHMRC) Australian Drinking Water Guidelines (updated September 2022) 
- Climate Council's Deluge and Drought: Australia's water security in a changing climate 
- Public Health Research & Practice's Safe drinking water in regional NSW 
- (previous) NSW Department of Water & Energy's Best Practice Management of Water Supply and Sewerage Guidelines 
- Bureau of Meteorology's Urban national performance report 

APPENDICES: Toolkit resources

The Toolkit resources included here have been identified by the stakeholders who participated in the project that supported the Toolkit's development. It is likely that over time additional resources may be identified to support water utilities' strategic planning. The Central NSW Joint Organisation is keen to hear from you if you have ideas for additional resources for inclusion in this Toolkit.

Use the table/hyperlinks below to jump directly to the tool or resource you are looking for:

A

Data sources to support end-of-planning-cycle outcomes reporting

For any reporting to be successful, strategies, activities and actions need to be assigned a measure or indicator that will be used to monitor progress and performance over time. These measures and indicators need to be supported by a baseline (current status), target (the goal we're aiming for) and a data source. Information used to support end-of-cycle reporting is often also useful to support the next cycle's planning.

Examples of measures that might be useful to assigning in water planning include:

- Compliance with licences and exceptions/exceedances
- Reliability of supply
- Compliance with drinking water guidelines
- Breakages/leaks
- Water sampling results
- Energy consumption and efficiency rates.

Existing reports prepared over the reporting period that include information that may be collated for end-of-cycle reporting include:

- Monthly and quarterly water and sewer reports provided to Council
- Annual returns and other reporting provided to water and sewer licensing authorities.

Other resources that may include useful data for reporting purposes include:

- Any water/sewer studies conducted over the reporting period.

Source data useful for end-of-cycle reporting (and next cycle planning) may also be found at:

- Water NSW: https://realtimedata.waternsw.com.au/water.stm
- Water monitoring network: https://www.waternsw.com.au/water-services/water-data/water-monitoring-network
- Water quality monitoring and management: https://www.waternsw.com.au/water-services/water-quality/management
- The SEED Initiative: https://datasets.seed.nsw.gov.au/dataset/
- Data NSW: https://datasets.seed.nsw.gov.au/dataset/
- Climate Data Online: http://www.bom.gov.au/climate/data/index.shtml
- Rain and River Data (Central West NSW): http://www.bom.gov.au/cgi-bin/wrap_fwo.pl?IDN60146.html

B

Probable water stakeholders for inclusion in engagement activities

Each water utility will need to identify its own stakeholders for inclusion in engagement activities. The list below provides a starting point for considering the diversity of stakeholders that should be considered in stakeholder engagement:

- Residents and ratepayers of the supply area
- State Government agencies, including:
  - NSW Health: https://www.health.nsw.gov.au/environment/water/Pages/drinkwater-nsw.aspx
  - the Environment Protection Authority (EPA): https://www.epa.nsw.gov.au/working-together/for-local-government
  - Department of Climate Change, Energy, the Environment and Water: https://www.nsw.gov.au/departments-and-agencies/dcceew and https://water.dpie.nsw.gov.au/
  - Department of Planning and Environment: (see DCCEEW above)
  - Department of Regional NSW: https://www.nsw.gov.au/departments-and-agencies/department-of-regional-nsw
  - NSW Office of Local Government: https://www.olg.nsw.gov.au/
- Internal/Council stakeholders:
  - Parks and Gardens/Open Spaces
  - Environmental Planning
  - Roads/Transport/Stormwater drainage
  - Building maintenance
  - Project Management Office
- Local or regional environmental groups or associations (eg LandCare, RiverWatch)
- Irrigators in the agricultural sector
- High volume water consumers (particular industry/community sectors)
- Business chambers
- Federal Government: https://www.dcceew.gov.au/water
- National Water Grid Authority: https://www.nationalwatergrid.gov.au/about/water-in-australia
- Central NSW Joint Organisation: https://www.centraljo.nsw.gov.au/regional-water-security/

C

Suggested methods for effectively engaging water stakeholders

Successful stakeholder engagement is not '*one-size-fits-all*'. Considering and addressing the specific needs of particular stakeholder groups will enable more effective engagement outcomes.

Considering the following stakeholder engagement checklist will help to ensure appropriate and effective stakeholder engagement is undertaken:

1. Why should we engage?

- What are the questions we are seeking answers for that stakeholder engagement may be able to answer?
- What engagement expectations exist from our governing body, regulators, and the community?

2.Who should we engage?

- Who in the community is most likely to be affected by the outcomes of this planning process or other activity under discussion?
- Who do we intend the end-users or consumers to be?
- Who else within our organisation does work that intersects with the subject of this planning process?
- Does Council already have an advisory committee or other reference group that has the subject of this planning process as part of its scope?
- Are there other internal or external stakeholders who have undertaken similar work in the past or who are considered subject-matter experts?

3. When should we engage?

- Do we want to hear from stakeholders about how to shape the planning process itself?
- Or do we only want to hear from stakeholders about the subject matter of the planning process?
- What are the questions we want stakeholder engagement to help us answer? When will we need those answers in the planning process?
- How much notice will we need to give identified stakeholders to enable their participation in the planning process?

4. How should we engage?

- What information will we need to make available to support engagement activities?
  (eg fact sheets, graphic representations of key issues, expert speakers, options papers)
- How will we let relevant stakeholders know that there is an opportunity for their engagement in this planning process?
- What methods of engagement should we use to most effectively enable our identified stakeholders to participate?
- If we are planning face-to-face engagement activities, have we identified times, places and existing events that enable us to reach our target stakeholders?
- Should we consider on-line engagement options?
- Is a targeted focus group discussion the best way to achieve our intended engagement outcomes?
- Would a broad community survey provide the evidence we need to support our planning process?
- Is public notice of a draft document and a period of public exhibition during which community feedback is invited sufficient?

5. How will we use engagement outcomes?

- How much are we able to allow the results of our engagement activities to shape the final strategy or plan?
- Are we really only seeking feedback on a final draft rather than using engagement to shape the planning process?
- Are we clear about how willing we are to change or adjust in response to engagement feedback received?
- Have we made clear to our stakeholders the extent (or limit) of their engagement in the planning process?
- Will we include a summary of engagement outcomes in the final plan or strategy and describe how engagement has shaped our final direction or commitments?
- Have the engagement activities and outcomes been properly recorded in Council's record management system?

Suggestions for face-to-face engagement activities:

- Local shows, meets, field days
- Community events, markets
- Facilitated workshops
- Open days and tours of water facilities
- Local swimming pools
- Local sporting carnivals and events.

Suggestions for stakeholder inclusion in determining service levels, service prioritisation, resource allocation etc:

- Citizens' Jury
- Community Sounding Board.

6. How will we keep engaged stakeholders informed?

- Have we invited interested stakeholders to register to receive updates of our planning progress?
- Will we notify everyone we engaged of the final outcome of the planning process?
- Will the final plan or strategy (or a link to it) be provided to relevant stakeholders?
- Will we publish the final adopted plan or strategy on Council's website?

Other resources include:

- OLG's community engagement resource
- First Nations better practice community engagement toolkit
- IAP2 (International Association for Public Participation) resource library.

D

Sample questions that will be effective in eliciting the required customer feedback during engagement activities

Effective stakeholder engagement will likely be necessary to fulfill the following 13 RAF expectations: 2, 4, 5, 6, 7, 19, 42, 60, 61, 62, 63, 64, 93.

The sample questions below are some suggestions for stakeholder engagement to support planning processes. Local water utilities should identify what the specific planning questions are that stakeholder engagement is seeking to answer and develop their own engagement questions accordingly.

Water utility practitioners suggest organising questions to elicit customer feedback by themes, for example:

- **Customer satisfaction and awareness**
  eg: How well do you think Council informs the community about water-related issues?
- **Water quality and safety**
  eg: Please tell us about any concerns you have about the safety and quality/cleanliness of your water supply?
- **Water conservation and sustainability**
  eg: Which of the following things do you do to conserve water? (provide list of examples of water saving tips)
- **Water (or sewer) charge increase impact**
  eg: Council is considering an X% increase in water charges to enable future investment in [describe major capital works program initiatives, eg enhancing capacity of reservoir, or major upgrade of water treatment plant]. Are you prepared to pay $X more per annum to achieve this community outcome?
- **Water infrastructure and services**
  eg: Council's water planning includes projects to enhance the capacity of our water storage systems, improve the quality of our drinking water supply and expand the capacity of our reticulated water supply network to support future growth of our population. Please rank these projects according to priority to assist Council to allocate its finite resources to best meet community needs.
- **Billing and customer service**
  eg: On a scale of low/moderate/high satisfaction, how satisfied are you with Council's a) customer service, b) information provided in water bills, c) financial hardship policies for customers who struggle to pay their water bills, etc.
- **Willingness to pay**
  e.g. How much extra [in percentage or dollar terms] would you be willing to pay for your water supply in order to reduce the amount of time in level 3 water restrictions during drought periods?
- **Water Restrictions**
  e.g. Are you satisfied with how water restrictions are applied by Council during periods of drought? Do you think water restrictions are applied in a timely way? Do you think water restrictions are applied and enforced in a fair and equitable way?
- **Water Security**
  e.g. On a scale of very/somewhat/not confident, how confident are you that your water supply is safe and secure?
- **Liveability**
  e.g. In periods of drought when our water reservoir levels get lower, Council must make decisions about how best to allocate available water in the community. Please rank in order of importance to you where available water should be allocated:
  - keeping street trees alive
  - ensuring sporting fields are playable
  - allowing residents to keep food gardens productive
  - allowing residents to keep ornamental gardens healthy
  - supporting community-based endeavours such as shared gardens to thrive
  - keeping local parks and playgrounds green.e.g. Would you be willing to pay more to enable investment in drought-proofing the local water supply? If yes, how much more per annum [in % or dollar terms] would you be prepared to pay?

E

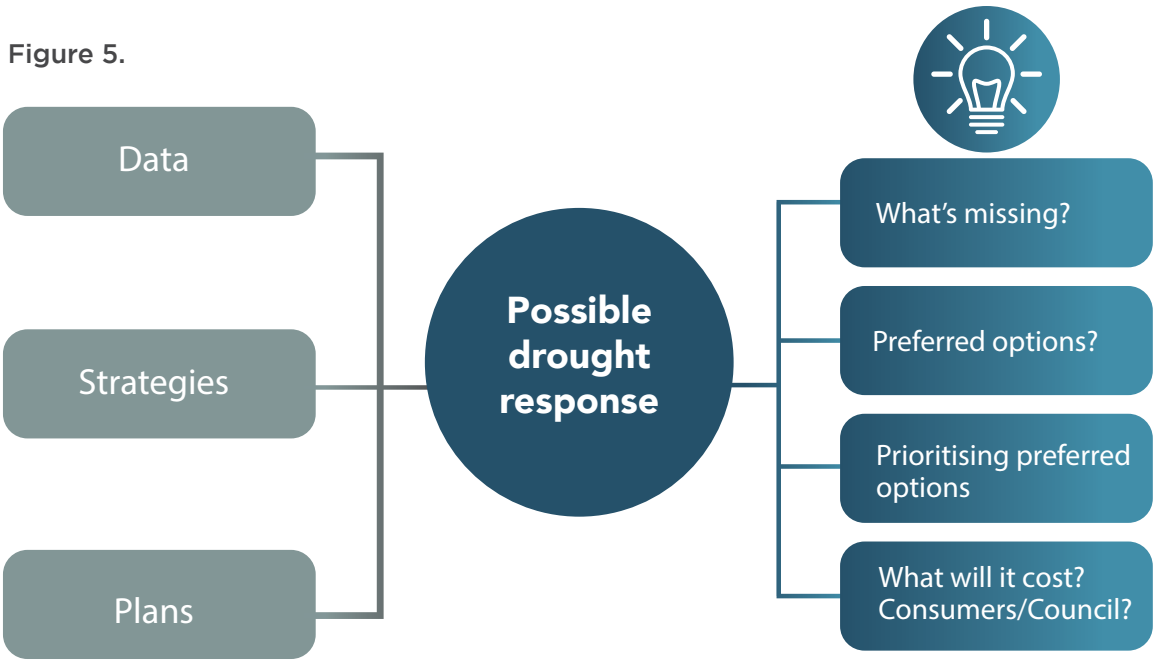
Sample questions for engagement activities related to proposed drought responses

(see also Appendix D **above)**

Advice from water practitioners is that, before asking questions in engagement activities, information that supports the discussion must be prepared. This enables there to be a common starting point for the discussion, bringing everyone onto the same page, and supporting the conversation with facts and information about options that will helpfully shape the discussion.

The diagram below (Figure 5) will help to frame engagement activities and identify key questions for discussing drought responses with stakeholders:

Figure 5.



F

Suggested fact sheet topics and inclusions for supporting engagement discussions

Fact sheet topics will be determined by the questions you are seeking to answer through the stakeholder engagement activity.

The following are examples of the type of information that could be included in fact sheets that local water utilities develop about local service provision:

- Number of connections in the LGA or service area, and any significant forecast changes (eg new land release for residential housing)
- Average annual household water consumption and average bill
- Water storage capacity, and level at which water restrictions are triggered
- Tried and tested water saving techniques for households, businesses, agriculture etc
- Summary of water infrastructure, water/sewer capital works program for next few years, key infrastructure challenges and risks, long-term financial position of the Water Fund.

Other resources that may be used to support stakeholder engagement activities include:

- Water for the environment: why do we need it?
- Water for the environment: who decides where water for the environment is used?
- Water for the environment: how is water shared between towns, farms and rivers?
- About blackwater
- Water for the environment: managing flows for healthy, productive and sustainable river systems
- Fact sheet ideas on Ballina Water's website
- Water NSW's Water Sharing Plans fact sheet
- National Australian Built Environment Rating System (NABERS) water information
- Hunter Water's water hardness, fluoridation of water supplies, recycled water use in agriculture fact sheets (and many more)
- Australian Water Association's Fact Sheets
- WSSA - Water Services Association of Australia
- NSW Water Directorate.

G

Suggested engagement timetable

- Stakeholder Engagement
- Strategic community planning
- Delivery Program
- Operational Plan & Budget
- Resourcing Strategy
- Asset management planning
- Long-term financial planning
- Workforce management planning
- Reporting
- Appendices

Timetabling engagement activities will be informed by considering when the outcomes of stakeholder engagement activities will be needed to support planning and reporting processes. The following table plots the key activities across the 2024-25 to 2028-29 IP&R planning cycle and **highlights** those areas where stakeholder engagement (including with candidates and councillors) is most likely to occur.

Water utilities are encouraged to use this as a guide but confirm locally when best to engage with your own stakeholders. Ensure that water-related engagement activities are planned to take into account other engagement that your Council might be undertaking in the community (eg Council's Communications & Engagement Calendar) – this may prevent duplication of effort for Council, or the experience of 'engagement fatigue' in your community.

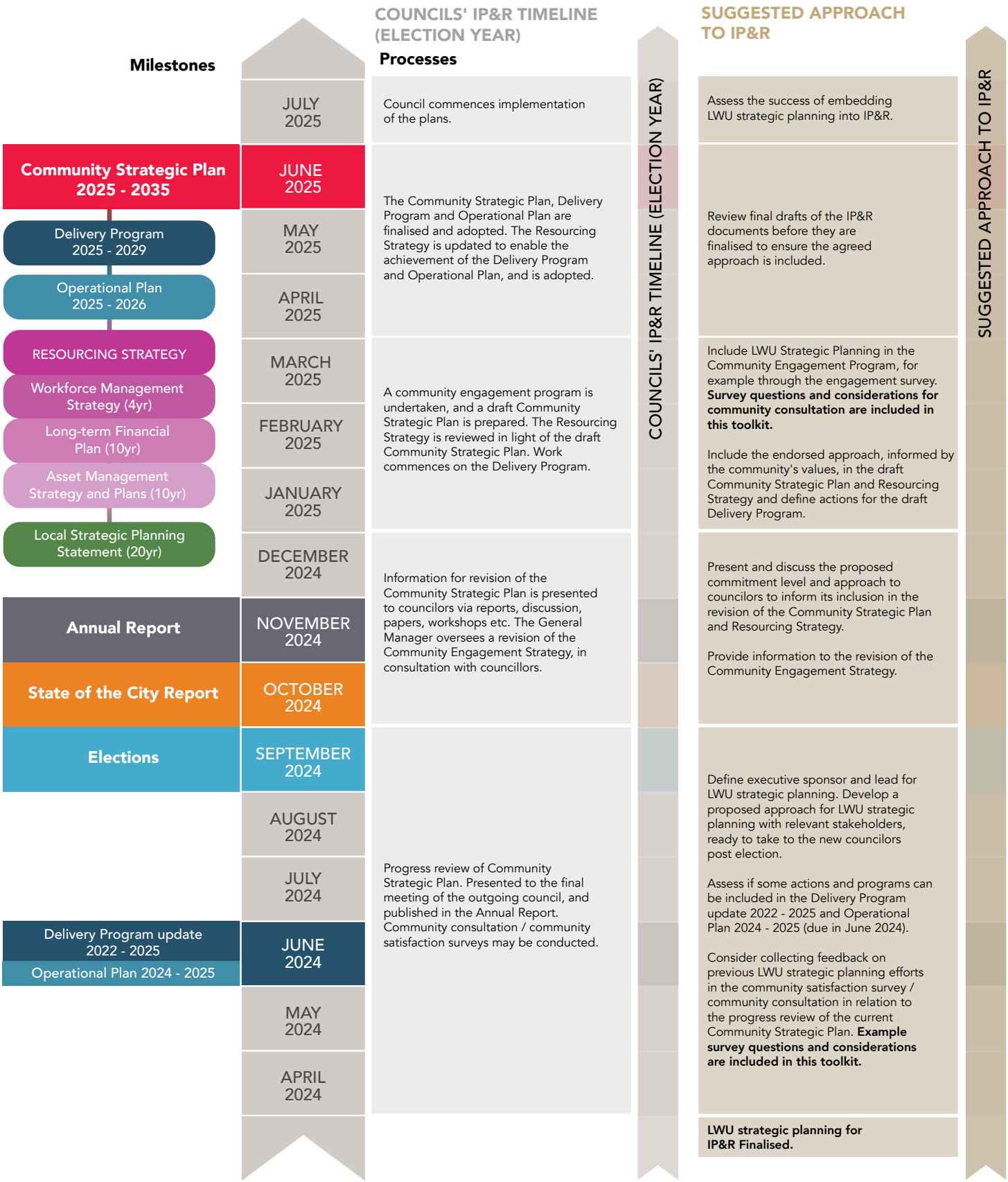
Ref	IP&R element	Considerations	Timing
3	● **'State of the Shire/City' report**	– What water-related objectives were included in the CSP? – Which water-related strategies in the CSP was Council responsible for delivering? – What measures/indicators were assigned to those strategies? Has Council been collecting data over the life of the CSP to enable information to be included in the report about the effectiveness of those strategies in meeting their objectives? Is a **community survey** required to provide data for these measures? – Opportunity to consider how objectives, strategies and measures might be more effectively articulated in the next CSP	– Preparation of the report likely to commence mid-2024 – Community survey (if required) likely to be conducted mid-2024 – Report provided to second meeting of new Council after September 2024 election
4	● **Community Engagement**	– Considering the expectations of the RAF, what water-related questions should be included in community conversations that will help to inform the CSP, DP and RS? – What role will water-related roles in Council have in the community engagement process? (eg, identification of water stakeholders? development of fact sheets? compiling questions? analysing feedback received?)	– **Engagement activities** likely to commence around mid-2024 and run through to second quarter of 2025
5	● **Community Strategic Plan 2025-2034 (minimum horizon)**	– What were the outcomes of past CSP water-related strategies? Were they effective in achieving their objectives? (refer to the State of the Shire Report) – What are the water-related issues being identified from community and stakeholder engagement activities? – What do State and regional plans/strategies propose that will have water-related impacts for our LGA that require addressing in the CSP? – What are the evidence-based, better practice strategies for addressing the water-related issues facing our local community? – How can we best monitor the effectiveness of those strategies in achieving their objectives over time? What data will we need to support that monitoring and reporting in the future?	– Likely to commence in second half of 2024 – Draft CSP likely to be ready by around March 2025 – CSP to be formally endorsed by Council on behalf of the local community before 30 June 2025

Ref	IP&R element	Considerations	Timing
6	● **2023-24 Annual Report (and future years)**	– Are there water utility-related activities in the current DP that will be included in the report? – What measures/indicators and targets have been applied to these activities? – What progress has been made in meeting the DP commitments over the past reporting year in relation to water activities? – What have been the key water-related achievements and challenges for Council over the past year? Provide some commentary to enable community understanding of these.	– Preparation likely to commence around August 2024 – Must be received by Council, provided to the OLG, and published on Council's website by 30 November 2024
7	**Candidate information sessions**	– Is Council compiling information about key local issues for **people considering becoming candidates** for election to Council? – If yes, are there water-related issues that should be included in this collated information?	– Candidate sessions are likely to be held July-August 2024
9	**Councillor induction**	– Is Council including in its councillor induction program an introduction to each of the functions of Council? – What information about the water function and its strategic planning requirements should be included in a **presentation to councillors**? **	– Likely to occur in last quarter of 2024
10	● **Delivery Program 2025-2028**	– What information about the water function will be required to support councillor workshops for the development of the new DP? – Is a service review planned for the water function during the life of the next DP? Will it include **customer engagement?** – Are there any previously-adopted water-related strategies or plans that still have actions requiring implementation over the next Council term? Have these been reviewed to confirm they're still relevant? – What measures/indicators of progress/ performance should be applied to the water-related activities described in the DP? Is there a data source to support this monitoring and review function? Have the RAF reporting expectations been considered and appropriately addressed by the assigned measures? – What significant capital works are planned for the water function over the next Council term? Where is the funding to be sourced from for this capital expenditure? How are these works expected to be timetabled over the life of the DP?	– Drafting likely to commence in late 2024-early 2025 – Must be **publicly exhibited** and formally adopted by Council by 30 June 2025
11	● **Resourcing Strategy**	– What are the key resourcing challenges (financial, workforce, infrastructure and other assets) for the water function that need to be addressed over the next Council term? – What revenue (rates, fees and charges, grants) is expected to be raised by the water function of Council over the next one, four, ten years? – Are there changes under consideration for the way water is charged? How will these changes impact revenue over time? How will **consumers** be included in determining water charges?	– Drafting likely to commence late 2024-early 2025 – Must be **publicly exhibited** and formally adopted by Council by 30 June 2025
12	● **2025-26 Operational Plan & Budget (and future years)**	– As the commitments of the Delivery Program for the next Council term are firmed up, what are the actions arising from those commitments that should be scheduled for implementation in the first OP? – What progress measure should be assigned to each water-related action so that effective monitoring and reporting can occur? – What are the 'BAU' and new costs associated with the proposed annual actions? Have these been reflected accurately in the draft Budget?	– Drafting likely to commence early 2025 – Must be **publicly exhibited** and formally adopted by Council by 30 June 2025

** In relation to Ref 9 above: resources to support councillor induction are available at: https://water.dpie.nsw.gov.au/our-work/local-water-utilities/councillor-training/video-series

Figure 6.

ADAPTED from the Regional Disaster Risk Reduction Framework for IP&R



H

Sample water supply function service review Terms of Reference

Each local water utility will develop their own standard approach to services reviews. The suggestions below may support the development of a standard approach for those councils who are still maturing their service review processes.

Service reviews are essentially seeking to identify the following:

- Is the service meeting identified community needs?
- Is the service operating in a way that supports the council's objectives?
- Are there alternative ways of delivering and resourcing the service so that it better meets those needs and objectives?
- Are available resources adequate to deliver the service in a way that meets those needs and objectives?
- How have service levels been identified? Do they reflect the end-users' needs? What changes might be required to service levels to better reflect end-user expectations?
- What challenges and opportunities exist for the service? How can service planning best address these?

Developing a service review Terms of Reference will ensure that everyone involved with the review has the same expectations of the process. The example below may assist councils in developing a Terms of Reference for a service review of their water supply function:

1. **Service name**
2. **Date of Service Review**
3. **Service Review executive sponsor**
4. **Service Review coordinator** – determine if an external or internal reviewer will lead the review process
5. **Service Review team members** – who in the organisation should be part of the review team?
6. **Service Review scope** – describe the extent and limits of the review, and any review constraints that should be considered
7. **Service Review objectives** – describe if there are particular service elements that the review is seeking to explore, or particular benefits the review is seeking to realise for the service
8. **Service Review deliverables** – describe the expected outputs of the review, and the target completion date
9. **Service stakeholders** – identify the internal and external stakeholders who should be engaged to inform the review, and describe how and when each stakeholder group is to be engaged (for further information see OLG's engagement resource that discusses service level engagement
10. **Service Review risk management** – consider any risks that might arise from the review process, and identify strategies to mitigate those risks
11. **Service Review alignment to corporate strategy** – demonstrate how the service review meets Delivery Program and Operational Planning commitments, and how it has been funded through the relevant annual Budget.
12. **Service Review outcomes** – describe how the review report and any recommendations arising from the review will be responded to. What role will the Audit, Risk & Improvement Committee and the elected council have in responding to the review report?

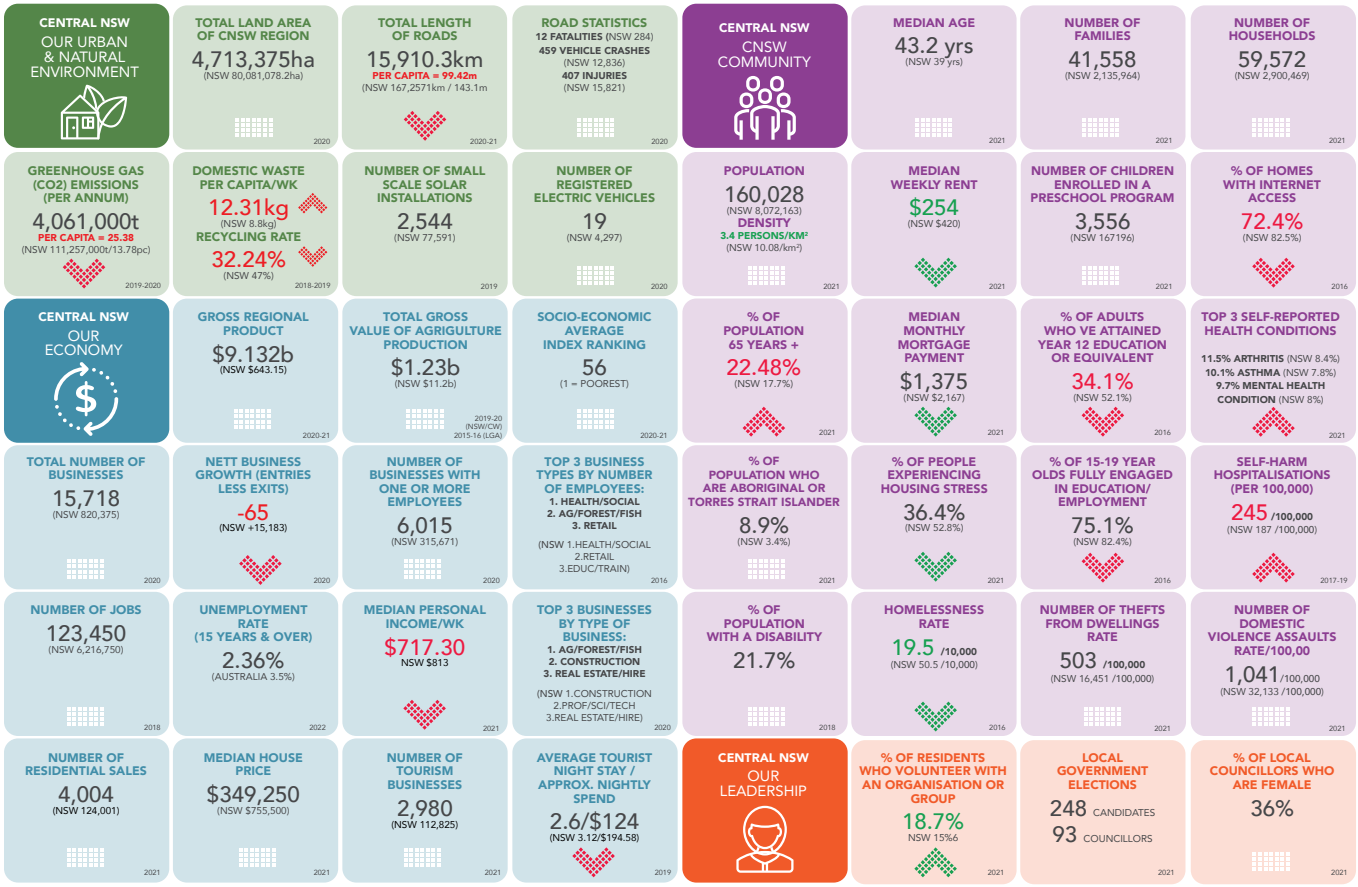
CNSWJO LGA and regional Place Mats

The Central NSW Joint Organisation has developed a series of Place Mats that capture key community indicators across each LGA and the region as a whole to enable community outcomes to be tracked and trended over time.

These Place Mats are primarily designed to support the development of State of the Shire/City reports and Community Strategic Plans, as well as being a tool to support community engagement discussions related to these processes.

Local water utilities are encouraged to identify any water-related community indicators that might be useful inclusions on the Place Mats. Any such indicators must be supported by a reliable, reputable, accessible data source. Contact the CNSWJO for more information.

Figure 7.
Sample: Regional Place Mat



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State and regional strategies and plans relevant for water utility planning

Local water utility practitioners have attempted to identify all the planning documents that support water planning activities, from State, to regional and sub-regional, to local. This list may not be exhaustive, and new documents will emerge from time to time. We suggest you use it as a starting place, and feel free to advise CNSWJO if you discover other source documents that should be added to this list.

Commonwealth Government

- Proposed Macquarie Castlereagh water resource plan
- BioRegional Assessments' Water sharing plans
- Environmental Water Office's Water Management Plan (Macquarie Valley)
- Australian Drinking Water Guidelines
- Murray Darling Basin Authority's Northern Basin: Macquarie-Castlereagh catchment and toolkit resources
- Bureau of Meteorology's Regional Weather and Climate Guides and State of the Climate reports
- Australian guidelines for water recycling.

State Government

- NSW Water Strategy
- NSW Aboriginal Water Strategy
- Macquarie Castlereagh Regional Water Strategy
- Central West and Orana Regional Plan 2041
- Macquarie Bogan Water Sharing Plan
- IPART's Unregulated river water prices 2023-24 and Rural bulk water prices for Macquarie Valley
- EPA information about Environment protection licences
- Population projections
- NSW Groundwater Strategy
- NSW Water Efficiency Framework
- NSW Extreme events policy
- NSW Guidelines for Drinking Water Management Systems
- Water supply work and/or water use approvals
- NSW Climate Change policy framework
- NSW Flood risk management toolkit
- Water NSW's legislation and guides summary.

Sub-regional planning

- Macquarie Castlereagh Regional Water Strategy
- Blayney, Cabonne and Orange sub-regional rural and industrial land use strategy
- Sub-regional water sharing plans.

Other

- NSW Water Register
- IWCM evaluation studies (Orange, Central Tablelands Water)
- Section 60 guidance (heritage impact works).

By LGA/Council

(not all councils will have all of these)*

- Local Strategic Planning Statements (LSPSs)
- Local Environmental Plans (LEPs)
- Housing Strategy
- Settlement Strategy
- Growth Strategy
- Economic Development Strategy
- Integrated Water Cycle Management Plan (IWCM)
- Water/Sewer Asset Management Plan
- Council's Asset Management Strategy and Policy
- Council's Long-Term Financial Plan
- Council's Workforce Management Plan
- Drought Management Plan
- Demand Management Plan
- Drinking Water Management System
- Dams Safety Management System
- Recycled Water Management System
- Pollution Incident Response Management Plan
- Liquid Trade Waste Policy
- Water and Sewer Infrastructure Strategic Policy
- Development Servicing Plan
- Environmental Management Plan – Raw Water Management Plan (including decision-making.

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Sample risk assessment and mitigation matrix and practice

(including consideration of outcomes such as water quality, water security, and climate risk in a local government context)

Assessment and mitigation of risk is part of councils' planning processes. For water utilities, risks might include pollution and contamination, water security, high water consumption, leakages and other infrastructure failures, drought and flood impacts.

Councils should consider risk in the context of their adopted risk management framework, and particularly their own agreed risk appetites.

The example below is based on a council risk framework which follows the ISO standard. It uses seven categories of risk (compliance, environmental, financial, IT/ cyber, people/WHS, reputational/political and service delivery) and provides examples of what risk might look like in the water and sewer context, and possible risk mitigation approaches aligned with the seven categories of risk.

Category	Description
COMPLIANCE	**Any risk that could lead to Council failing to adhere to relevant laws, regulations, policies, codes of conduct, and other statutory requirements that govern its operations. These risks encompass the risk of non-compliance with legal obligations and ethical standards, leading to potential legal penalties, reputational damage, financial losses, and operational disruptions.** **Examples:** 1. **Regulatory Compliance Risk:** This involves the risk of failing to comply with laws and regulations set by government bodies. For example, non-compliance with the Australian Drinking Water Guidelines could result in penalties. 2. **Environmental Compliance Risk:** This includes risks associated with violating environmental laws and regulations. For instance, improper disposal of waste or sewage can lead to contamination of natural resources and ecosystems. 3. **Health and Safety Risks:** This involves risks related to the health and safety of employees and the public. For example, failure to maintain the cleanliness of water can lead to health issues like water-borne diseases. 4. **Data Protection and Privacy Risk:** Given the sensitive customer data handled by utilities, there's a risk of non-compliance with data protection laws, such as the Australian Privacy Principles. 5. **Contract and Procurement Compliance Risk:** This involves risks associated with not adhering to the laws and regulations in the process of contracting and procurement.

Category	Description
ENVIRONMENTAL	**Any risk that leads to threats, hazards, or vulnerabilities that have the potential to adversely impact the local environment and its ecological systems.** **Examples:** 1. **Climate Change and Extreme Weather Events:** Changes in climate patterns can lead to droughts, floods, and storms, which can affect water availability, water quality, and the integrity of infrastructure. Increased frequency and severity of these events pose significant risks to both water supply and wastewater management systems. 2. **Water Pollution:** Contamination of water sources from industrial, agricultural, or urban runoff leading to degraded water quality. This includes pollutants like chemicals, heavy metals, and microorganisms that can harm human health and the environment. 3. **Over-Extraction of Water Resources:** Excessive withdrawal of water from rivers, reservoirs, or aquifers for urban use can lead to reduced river flows, affecting ecosystems and potentially leading to water scarcity. 4. **Aging Infrastructure:** Older water and sewage systems may be more prone to leaks and failures, which can result in environmental contamination and water loss. 5. **Waste Disposal from Treatment Plants:** The disposal of sludge and other waste products from water and sewage treatment impacting land and waterways if not managed properly. 6. **Sewer Overflows and Leakage:** Overflow of sewerage systems, leading to the discharge of untreated or partially treated sewage into the environment. 7. **Chemical Spills and Accidents:** Accidental spills of chemicals used in water treatment processes, or from external sources, can have severe environmental impacts.
FINANCIAL	**Any potential negative impact or uncertainty associated with financial activities and decisions that can affect the council's ability to achieve its financial objectives and maintain financial stability.** **Examples:** 1. **Revenue Risk:** Variability in revenue can occur due to changes in water demand, often influenced by weather conditions (like droughts or floods), economic conditions affecting the number of active customers, or changes in water usage habits. 2. **Operational Risk:** This includes risks associated with the costs of running water and sewerage operations. It can involve unexpected increases in energy costs, maintenance costs for infrastructure, or costs due to unforeseen environmental incidents or accidents. 3. **Regulatory and Compliance Risk:** Changes in environmental or health and safety regulations can lead to increased compliance costs. Fines or penalties due to non-compliance with these regulations also pose a financial risk. 4. **Capital Investment Risk:** Significant capital is required for the maintenance, replacement, and expansion of infrastructure. Mis-judgements in the amount, timing, or type of investment can lead to financial losses. 5. **Credit Risk:** The risk of non-payment by customers, particularly large commercial customers, can impact cash flow and revenue. 6. **Market Risk:** This is related to changes in market conditions that affect the cost of inputs (like chemicals for water treatment) or the value of investments held by the utility. 7. **Climate Change and Environmental Risk:** Long-term changes in climate patterns can affect water availability and quality, leading to increased costs for water treatment and supply. 8. **Technological Risk:** Failure or obsolescence of key technological systems can lead to both operational inefficiencies and the need for unexpected capital expenditure.

Category	Description
INFORMATION TECH / CYBER	**Risks associated with the use, implementation, and management of information technology systems and infrastructure that lead to negative consequences, including financial loss, operational disruptions, reputational damage, and compromised data integrity or confidentiality, resulting from the inadequate protection, misuse, or failure of IT systems and processes.** **Examples:** 1. **System Intrusions and Cyber Attacks:** The IT systems of the utility can be targeted by hackers seeking to disrupt services, steal sensitive data, or install malware or ransomware and could disrupt the provision of essential services to the community. 2. **Data Breaches:** Unauthorised access to customer data, personal information and billing details leading to breaches that compromise customer privacy and trust. 3. **Infrastructure Control System Vulnerabilities:** Water utilities often use industrial control systems (ICS) and SCADA (Supervisory Control and Data Acquisition) systems to monitor and manage water distribution and treatment processes. These systems, if not properly secured, can be vulnerable to cyber-attacks that could disrupt water supply or contaminate water sources. 4. **Compliance Risks:** Non-compliance with regulatory requirements related to data protection (like the Australian Privacy Principles) or critical infrastructure security can result in legal and financial penalties. 5. **Phishing and Social Engineering Attacks:** Employees might be targeted by phishing campaigns or other forms of social engineering, aimed at tricking them into giving away login credentials or other sensitive information. 6. **Legacy Systems and Lack of Regular Updates:** Outdated IT infrastructure or software that is not regularly updated can have vulnerabilities that are easily exploitable by cybercriminals. 7. **Network and Service Availability:** Risks related to the availability of the IT network and services, such as through Distributed Denial of Service (DDoS) attacks, which can cripple the utility's ability to provide services. 8. **Physical Security Breaches:** Inadequate physical security measures at IT infrastructure sites can lead to unauthorised access and damage or theft of hardware.
PEOPLE & WHS	**Any risks with the potential to impact the health, safety, or well-being of individuals within a workplace or the public as a result of council activities, facilities, infrastructure, and services.** **Examples:** 1. **Manual Handling:** Improper lifting, carrying, or moving of objects leading to strains or other musculoskeletal injuries. 2. **Slips, Trips and Falls:** Hazards such as wet or uneven surfaces, poor lighting, or cluttered walkways that increase the risk of slips, trips or falls resulting in injuries to Council staff, contractors, volunteers and members of the community. 3. **Hazardous Substances:** Improper storage, handling or use of hazardous chemicals resulting in chemical burns, respiratory damage, or other health issues. 4. **Skills Shortages and Talent:** Difficulties in attracting, retaining, and developing skilled staff in specialised roles like water quality experts, engineers, and IT specialists. 5. **Water Contamination:** Contaminants (bacteria, viruses, heavy metals, or chemical pollutants) entering the water supply due to various reasons such as pipe corrosion, runoff from agriculture, or industrial discharges, leading to health impacts to the community. 6. **Sewerage Overflows and Leaks:** Overflows or leaks in the sewerage system leading to contamination of local water bodies, soil, and drinking water sources. posing health risks due to exposure to harmful pathogens or chemicals. 7. **Service Disruptions:** Interruptions in water supply or sewerage services, possibly due to infrastructure failure, natural disasters, or maintenance issues, leading to hygiene concerns and limited access to clean water, impacting health and sanitation. 8. **Drought:** Prolonged periods of drought can stress water supplies, leading to water restrictions and potential health issues related to inadequate water for drinking, cooking, and hygiene.

Category	Description
REPUTATIONAL / POLITICAL	**Any risks that result in damage to public perception and trust, arising from decisions and behaviours perceived negatively by various stakeholders. Reputational risk can have significant consequences, including decreased public support, increased scrutiny from regulatory bodies, difficulty in attracting investment, and challenges in retaining employees.** **Examples:** 1. **Environmental Compliance Failures:** Any breach of environmental regulations, such as contamination of water sources or improper disposal of sewage, leading to reputational damage. 2. **Service Disruptions:** Interruptions in water supply or sewerage services, particularly if frequent or prolonged, can damage the utility's reputation. Politically, this could lead to questions about the utility's competence and may incite calls for changes in management or oversight. 3. **Rate Increases or Billing Issues:** Substantial rate hikes or billing errors can cause public outrage, affecting the utility's reputation. 4. **Response to Drought and Water Restrictions:** In areas prone to drought, how the utility manages water scarcity can be a reputational and political risk. If the public perceives the response as inadequate or unfair, it can lead to negative publicity and political backlash. 5. **Infrastructure Failures:** Failures in critical infrastructure, like burst pipes or sewage leaks, especially if they lead to property damage or health hazards, can have serious reputational consequences. Politically, it might prompt inquiries into the adequacy of infrastructure investment and maintenance. 6. **Data Breaches or Security Incidents:** Cybersecurity incidents or data breaches involving customer information can significantly damage trust. Politically, this may lead to calls for stricter regulation and oversight of the utility's data management practices. 7. **Transparency and Communication Issues:** Failure to effectively communicate with the public, especially during crises, can harm the utility's reputation. Politically, poor communication can be construed as a lack of transparency or accountability, leading to increased scrutiny. 8. **Climate Change Adaptation:** How the utility plans and adapts to the impacts of climate change can be a point of reputational and political risk. Inadequate preparation or response to climate-related events can lead to criticism from both the public and politicians. 9. **Corruption or Ethical Lapses:** Any allegations of corruption, unethical behaviour, or conflict of interest within the utility can have severe reputational consequences and attract significant political attention. 10. **Public Health Incidents:** If the utility's services are linked to a public health issue, like contamination leading to illness, it can result in a major reputational crisis and lead to political investigations and reforms.

Category	Description
SERVICE DELIVERY	**Any risks that lead to a negative impact on the quality, availability, or delivery of services provided by the Council; as well as any risks impacting the successful delivery of Council projects, resulting in deviations from project objectives, delays, cost overruns, and other consequences.** **Examples:** 1. **Infrastructure Failures:** This includes the risk of breakdowns in critical infrastructure like pipes, pumps, and treatment facilities. Aging infrastructure can lead to increased incidents of leaks, bursts, or system malfunctions. 2. **Water Quality Issues:** Risks associated with maintaining the quality of water, such as contamination by pathogens, chemicals, or other pollutants. This can be due to natural causes, industrial accidents, or inadequate treatment processes. 3. **Supply Shortages:** The risk of not having enough water to meet demand, particularly in times of drought or high usage. This can be exacerbated by climate change and variability in weather patterns. 4. **Regulatory Compliance:** Failing to meet standards set by regulatory bodies can lead to legal and financial consequences. This includes water quality standards, environmental protection regulations, and health and safety requirements. 5. **Cybersecurity Threats:** With the increasing digitization of utility operations, there is a risk of cyber-attacks that could disrupt service delivery, data integrity, and customer privacy. 6. **Natural Disasters:** Events like bushfires, floods, and storms can damage infrastructure and disrupt service, as well as impact water quality and availability. 7. **Financial Risks:** These include the risk of insufficient funding for necessary infrastructure maintenance and upgrades, or the financial impact of unforeseen emergencies. 8. **Community Relations:** Poor service delivery or communication can lead to dissatisfaction among consumers, impacting the utility's reputation and potentially leading to public relations issues. 9. **Workforce Management:** Risks related to retaining skilled staff, training, and ensuring the safety and wellbeing of employees. 10. **Climate Change Impact:** Long-term changes in climate patterns can affect water availability and demand and may require significant adaptation in water management strategies.

Risk Analysis

The purpose of undertaking a Risk Analysis is to assess the level of *Inherent Risk* associated with a particular endeavour. Inherent risk refers to the level of risk associated with an activity, process, or project in the absence of any control measures or risk mitigation strategies.

Assessing inherent risk involves identifying and understanding the natural vulnerabilities, weaknesses, and uncertainties that exist within a system, process, or project. It allows us to gain insights into the nature and magnitude of potential risks, which then allows us to prioritise and allocate resources effectively for risk management and control - to then assess *Residual Risk*.

Step 1:
Determine the Likelihood of the event occurring:

ALMOST CERTAIN	90% OR MORE	**Will happen** • Expected to occur • 90% or greater chance that this will occur • For climate change, imminent or will occur within 1 to 6 months
LIKELY	50%-90%	**Expected to happen** • Will probably occur • 50%-90% chance that this will happen • For climate change, expected to occur at least once in 6-12mth period
POSSIBLE	20%-50%	**Could happen** • Could happen occasionally • 20%-50% chance that this will happen • For climate change, will probably occur between 1-10 years
UNLIKELY	1%-20%	**Not expected to happen** • Could happen but doubtful • 1% - 20% chance that this will happen • For climate change, may occur every 10-25 years
RARE	1% OR LESS	**Uncommon, unusual** • Could happen in very rare circumstances • 1% or less chance that this will happen • For climate change, not likely to occur within a 25 year period.

Figure 8.

Step 2:
Determine the expected Consequence of the event:

	RISK CATEGORY							
CONSEQUENCES	Level	Service/Project Delivery	Financial	Reputational & Political	Environmental	Compliance	People & WHS	IT & Cyber Security
	Severe	Critical operational service failure/loss of delivery > 3 days Severe or ongoing gaps or variations	>10% of program/ project budget Consider a $ level. $1 overspend of grant	Severe negative national, and state coverage. Severe stakeholder concern	Uncontained damage with major impact/ major fine/ public reaction	Wide-spread legislative non-compliance	Potential for death or permanent disability	Catastrophic data breach/loss, complete service disruption, major financial loss, major reputational damage
	Major	Major operational service failure/loss of service delivery > 1 day. Major or ongoing gaps or variations	>5% of program/ project budget Consider a $ level.	Extensive state and local coverage. Major stakeholder concern.	Major breach or impact/fines/ Government reprimands	Systematic non-compliance	Potential for long-term illness or serious injury	Significant data breach/loss, major service disruption, high financial loss, high reputational damage
	Moderate	Moderate operational service fallure/loss of delivery > 3 hours Moderate gaps or variations	>2.5% of program/ project budget Consider a $ level.	Moderate local coverage. Moderate stakeholder concern.	Uncontained damage with major impact/ major fine/ public reaction	Frequent legislative non-compliance	Potential for medical attention or several days off work/Long-term injury (LTI)	Partial data loss, moderate service disruption, unauthorised access to some sensitive information, moderate financial loss, minor reputational damage
	Minor	Loss of operational service delivery >1 hour. Minor gaps or variations.	>1.25% of program/ project budget Consider a $ level.	Minor local coverage. Minor stakeholder concern.	Uncontained damage with major impact/ major fine/ public reaction	Isolated non-compliance	Potential for first-aid treatment	Unauthorised access to non-sensitive information, minimal service disruption, minimal reputational damage.
	Negligible	No loss of operational service delivery Negligible gaps or variations.	>0.75% of program/ project budget Consider a $ level.	Little or no coverage. Negligible stakeholder concern.	Uncontained damage with major impact/ major fine/ public reaction	Rare non-compliance	No injury or health issue (for example, outdated/missing information)	No financial loss, minimal disruption to business operations, no unauthorised access to sensitive information, no system compromise, no reputational damage.

Figure 9.

Step 3:
Determine the level of risk.

By using this table as a matrix, you will receive a risk indicator that is measured between "Minor" to "Severe" which determines the Inherent level of risk.

RISK MATRIX		Consequences				
		Severe	Major	Moderate	Minor	Minor
LIKELIHOOD	**ALMOST CERTAIN** Expected to occur 90% or greater chance that this will occur	Severe	Severe	Major	Minor	Negligible
	LIKELY Will probably occur 50%-90% chance that this will happen	Severe	Severe	Major	Minor	Negligible
	POSSIBLE Could happen occasionally 20%-50% chance that this will happen	Severe	Severe	Moderate	Negligible	Negligible
	UNLIKELY Could happen but doubtful 1% - 20% chance that this will happen	Major	Major	Minor	Negligible	Negligible
	RARE Could happen in very rare circumstances 1% or less chance that this will happen	Moderate	Moderate	Minor	Negligible	Negligible

Figure 10.

> ***Note*** *If the Inherent Risk identified in the Risk Analysis stage (Likelihood + Consequence Rating) aligns with the accepted levels of risk outlined in the Risk Appetite Statement, proceeding with the activity is permissible without the need to implement mitigation strategies.*

Risk Evaluation If you have identified risks that exceed the accepted level of tolerance outlined in the Risk Appetite Statement, the Risk Evaluation process must be undertaken to help identify *Associated Controls* to lower the level of risk and bring it within an acceptable level of tolerance.

> ***Note*** *Controls are the actions applied to neutralise identified risks in order to bring them within an acceptable tolerance level. In the context of Council's operations, this involves the application of the processes and procedures contained within our suite of Strategic and Operational Policies.*

The controls you may apply should typically be sourced from the processes and procedures found within your Council's strategic and operational policies.

Following the application of the relevant controls, a new assessment of the *Likelihood* and *Consequence* criteria is required to achieve an updated Risk Rating and indicative level of *Residual Risk*.

> ***Residual Risk*** *refers to the amount of risk that remains after efforts to control or eliminate risks have been made.*

The implementation of control measures should in most cases lead to a Residual Risk rating aligning with your council's acceptable risk levels as outlined in your council's Risk Appetite Statement. However, there are instances where this is not achieved. In such scenarios, where the risks persist beyond the defined tolerance thresholds, it becomes necessary to undertake supplementary measures as part of a comprehensive Risk Treatment Plan.

Risk Treatment

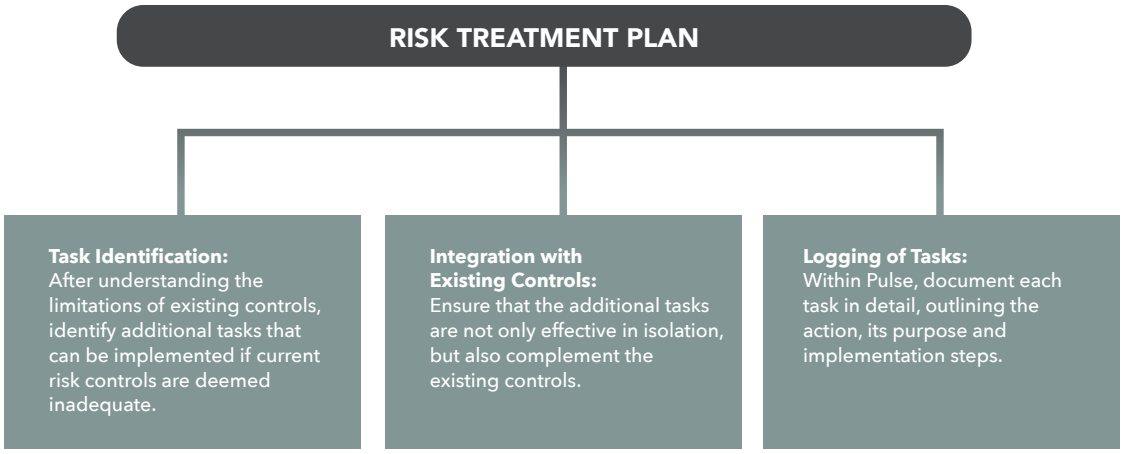
The primary objective of this step is to establish a Risk Treatment Plan to ensure that, in instances where existing controls are insufficient, additional measures are implemented to bring the risk level within the acceptable risk thresholds as outlined in your council's Risk Appetite Statement.

This process requires the below elements in Figure 11.

Record, Monitor and Review

Ensure the risk and its associated control(s) have been correctly recorded in your Council's risk register and a regular review and risk reporting schedule is implemented.

Figure 11.



Risk Mitigation Examples

COMPLIANCE

1. **Regular Compliance Audits:** Conducting regular audits to ensure that operations are in line with all relevant local, state, and national regulations. This includes environmental, health and safety, and industry-specific regulations.
2. **Employee Training and Awareness:** Regular training for employees on compliance matters, including the importance of adhering to legal and regulatory requirements. This should cover topics like environmental protection, workplace safety, and ethical conduct.
3. **Legal and Regulatory Monitoring:** Staying updated on changes in laws and regulations that impact the water and sewerage sector. This might involve subscribing to legal updates, consulting with legal experts, or participating in industry forums.
4. **Risk Management Framework:** Implementing a risk management framework that identifies, assesses, and manages compliance risks. This should include a mechanism for reporting potential compliance issues.
5. **Stakeholder Engagement:** Engaging with regulators, government bodies, and other stakeholders to understand their expectations and demonstrate commitment to compliance.
6. **Internal Reporting Mechanisms:** Establishing clear channels through which employees can report suspected non-compliance or ethical concerns, without fear of retaliation.
7. **Regular Review and Improvement:** Periodically reviewing compliance processes and controls to identify areas for improvement.
8. **Emergency and Incident Response Plans:** Having plans in place for handling compliance-related incidents, including communication strategies and remediation steps.

ENVIRONMENTAL

1. **Waste Management:** Implement strict waste management protocols, particularly for the treatment of sewage and disposal of sludge. This includes adopting advanced treatment technologies.
2. **Water Quality Monitoring:** Regularly monitor the quality of both source water and discharged water, involving the testing for pollutants, biological contaminants, and other harmful substances.
3. **Emergency Response Plan:** Develop and maintain an emergency response plan for incidents like chemical spills, sewer overflows, or other accidents that could harm the environment.
4. **Staff Training and Awareness:** Ensure all staff are trained and aware of their role in managing environmental risks. This includes training in the proper handling of hazardous materials.
5. **Public Awareness Campaigns**: Educate the community about the importance of water conservation, the impacts of pollution, and how they can help in maintaining a sustainable environment.
6. **Infrastructure Maintenance and Upgrades:** Regularly inspect and maintain infrastructure to prevent leaks, ruptures, or failures that could lead to environmental contamination.
7. **Biodiversity Conservation:** Implement measures to protect local flora and fauna, especially in areas affected by water extraction or sewage discharge.
8. **Stakeholder Engagement:** Work with local communities, environmental groups, and government agencies to address environmental concerns and find sustainable solutions.
9. **Climate Change Adaptation:** Develop strategies to address the risks posed by climate change, such as increased droughts or flooding, which can impact water resources and infrastructure.
10. **Sustainable Sourcing:** Ensure that materials and resources used in operations are sustainably sourced, minimising the ecological footprint.

FINANCIAL

1. **Financial Planning and Budgeting:** Developing comprehensive and flexible financial plans and budgets that account for potential fluctuations in costs and revenues.
2. **Diversifying Revenue Streams:** Exploring alternative revenue sources such as new services, conservation programs, or partnerships.
3. **Debt Management:** Carefully managing debt portfolios, including hedging against interest rate fluctuations.
4. **Cost Control Measures:** Implementing measures to control operational costs, such as energy-efficient technologies and automated systems to reduce labour costs.
5. **Regular Risk Assessments:** Continuously assessing financial risks and adapting strategies accordingly.
6. **Reserve Funds and Insurance**: Maintaining reserve funds for emergencies and investing in appropriate insurance coverage to mitigate the impacts of natural disasters.
7. **Stakeholder Engagement:** Engaging with regulatory bodies, customers, and other stakeholders to anticipate and prepare for regulatory changes and customer payment issues.
8. **Investing in Infrastructure Resilience:** Strengthening infrastructure to withstand environmental and climatic changes, reducing the long-term cost of damages and repairs.
9. **Technology Adoption and Upgrades**: Investing in up-to-date technologies to enhance operational efficiency and stay competitive.

IT CYBER

1. **Cybersecurity Training:** Regular training for employees on cybersecurity best practices and awareness of phishing scams.
2. **Access Controls:** Implement strict access controls and authentication protocols for systems and data.
3. **Regular Software Updates:** Keeping all software and systems regularly updated to patch vulnerabilities.
4. **Firewalls and Anti-Malware Software:** Use of robust firewalls and anti-malware tools to prevent unauthorized access and detect threats.
5. **Data Encryption:** Encrypting sensitive data to protect it during transmission and storage.
6. **Incident Response Plan:** Having a well-developed incident response plan for potential cyber threats or breaches.
7. **Regular Security Audits:** Conducting periodic security audits to identify and address vulnerabilities.
8. **Backup and Recovery Procedures:** Implementing effective data backup and recovery procedures to minimise the impact of data loss or system failures.
9. **Physical Security Measures:** Enhancing physical security at critical infrastructure points to prevent unauthorised access.
10. **Compliance Monitoring:** Regularly reviewing and updating practices to ensure compliance with relevant cybersecurity regulations and standards.

PEOPLE / WHS

1. **Regular Water Quality Testing**: Implement a stringent testing regime to regularly monitor water quality for contamination. This helps in early detection and management of potential contaminants.
2. **Upgraded Infrastructure:** Invest in upgrading and maintaining water and sewerage infrastructure. This includes replacing old pipes, enhancing treatment facilities, and using modern materials and technology to reduce the likelihood of leaks and system failures.
3. **Emergency Response Planning**: Develop comprehensive emergency response plans for various scenarios like water contamination, service disruptions, and natural disasters. This includes contingency plans for alternative water supply and rapid repair protocols.
4. **Public Education Campaigns:** Conduct regular public awareness campaigns about water conservation, proper waste disposal, and actions to take during water-related emergencies.
5. **Flood Mitigation Strategies:** Implement measures to protect water and sewerage systems from flood damage, such as waterproofing critical infrastructure, installing backflow prevention devices, and ensuring proper drainage systems.
6. **Drought Management Plans:** Develop and implement drought management strategies, which might include water restrictions, alternative water sources, and promoting water-efficient practices among consumers.
7. **Chemical Handling Protocols:** Establish strict protocols for the handling, storage, and disposal of chemicals used in water treatment. This includes training for staff, proper labelling, and storage facilities that comply with safety standards.
8. **Health and Safety Training**: Provide regular health and safety training for employees, focusing on safe work practices, emergency procedures, and handling of hazardous materials.
9. **Climate Change Adaptation**: Integrate climate change projections into long-term planning. This can include infrastructure designed to withstand extreme weather events and strategies to manage the impacts of sea-level rise or changing rainfall patterns.
10. **Collaboration with Health Authorities:** Work closely with public health authorities to ensure prompt response to public health issues related to water quality. This collaboration can aid in quick action when health risks are identified.

REPUTATIONAL / POLITICAL

1. **Environmental Compliance Programs:**
   - Regular audits and monitoring to ensure adherence to environmental laws and regulations.
   - Investing in sustainable and environmentally friendly technologies.

2. **Robust Infrastructure Maintenance and Upgrade:**
   - Regular maintenance and timely upgrading of water and sewerage infrastructure.
   - Implementing a proactive infrastructure renewal program to prevent failures.

3. **Transparent Rate-Setting and Billing Practices:**
   - Clear communication regarding the rationale for rate increases.
   - Accurate, user-friendly billing systems to prevent errors.

4. **Effective Drought Management and Conservation Programs:**
   - Water conservation education programs for the community.
   - Implementing and clearly communicating water restriction policies during droughts.

5. **Crisis Management and Response Plans:**
   - Developing and regularly updating crisis response plans.
   - Training staff in crisis management and response.

6. Cybersecurity Measures:
   - Implementing robust cybersecurity protocols.
   - Regularly updating and testing security measures against emerging threats.

7. **Open and Effective Communication:**
   - Regular updates to the community about service changes, projects, and issues.
   - Establishing clear channels for customer feedback and queries.

8. **Climate Change Adaptation Strategies:**
   - Assessing and planning for the long-term impacts of climate change on water resources.
   - Engaging with experts to develop and implement adaptation measures.

9. **Ethics and Compliance Training:**
   - Regular ethics training for employees.
   - Establishing a clear code of conduct and whistleblower (public interest disclosure) policies.

10. **Public Health Safeguards:**
    - Regular water quality testing and monitoring.
    - Rapid response protocols for any public health incidents.

11. **Stakeholder Engagement:**
    - Regularly engaging with local communities, regulators, and government bodies.
    - Participating in community events and supporting local initiatives.

12. **Performance Reporting:**
    - Regularly reporting on performance and service standards to the public and regulatory bodies.
    - Using feedback for continuous improvement.

13. **Disaster Preparedness and Recovery Planning:**
    - Preparing for natural disasters and having recovery plans in place.
    - Collaborating with emergency services and local governments in disaster responses.

SERVICE DELIVERY

1. **Regular Infrastructure Maintenance and Upgrades:** Proactively maintaining and upgrading pipes, pumps, treatment plants, and other critical infrastructure helps prevent breakdowns and extends their operational life.
2. **Water Quality Monitoring and Treatment Technologies**: Implementing advanced monitoring systems for water quality and utilising state-of-the-art treatment technologies to help with early detection and prevention of contamination.
3. **Drought Management and Alternative Water Sources:** Developing strategies for water conservation, exploring alternative water sources (like rainwater harvesting, recycled water, and desalination), and implementing drought response plans.
4. **Enhancing Cybersecurity Measures:** Investing in robust cybersecurity infrastructure to protect against cyber threats and regularly training staff on cybersecurity best practices.
5. **Disaster Preparedness and Response Planning:** Developing and regularly updating emergency response plans for natural disasters, including infrastructure resilience measures, backup systems, and community education.
6. **Community Engagement and Communication:** Maintaining open lines of communication with the community to manage expectations, provide updates, and gather feedback. This includes crisis communication strategies.
7. **Workforce Development:** Investing in ongoing training and development of staff, maintaining a culture of safety, and ensuring adequate staffing levels.
8. **Climate Change Adaptation Strategies:** Conducting climate change risk assessments and developing long-term adaptation strategies to address potential impacts on water availability and demand.
9. **Strategic Planning:** Developing long-term strategic plans that consider future challenges and opportunities in the water sector.

L

Resources to support identification and assessment of climate risks, and support planning in response to climate risks

Local water utility practitioners have attempted to identify all the climate risk resources that support water planning activities. This list may not be exhaustive, and new resources will emerge from time to time. We suggest you use it as a starting place, and feel free to advise CNSWJO if you discover other resources that should be added to this list.

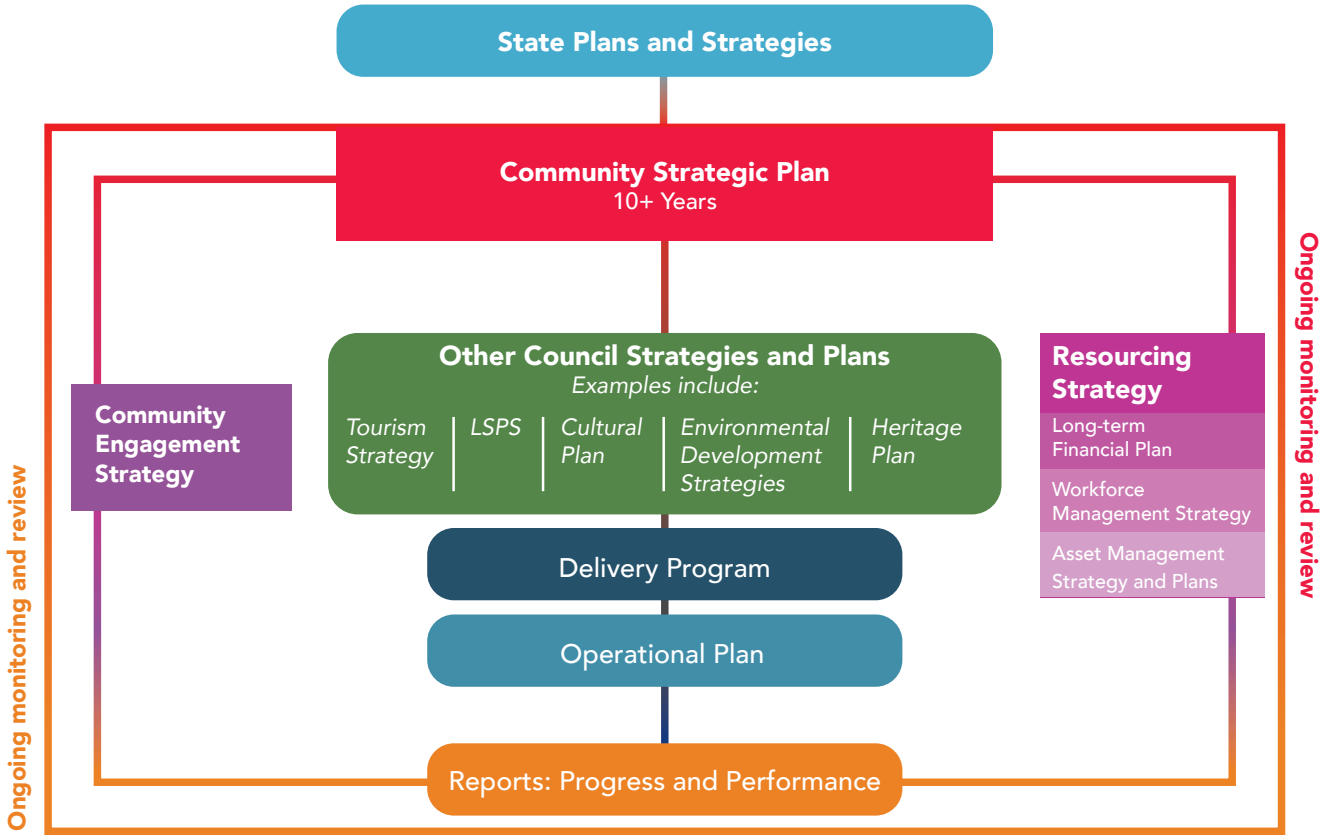
- Bureau of Meteorology's Regional Weather and Climate Guides and State of the Climate reports
- NSW Extreme events policy
- NSW Climate Change policy framework
- NSW Climate Data portal
- NSW Flood risk management toolkit
- El Nino's impact on weather and climate
- Indian Ocean Dipole (IOD)
- Southern Annular Mode (SAM) and the Australian climate
- Regional NSW dam levels
- NSW State seasonal updates (Department of Primary Industries)
- Australia Water Outlook (historical, forecast, projections)
- Science for a water-secure future: informing sustainable and evidence-based water security infrastructure
- UNSW Centre for Ecosystem Science: An innovative approach to maximizing catchment water yield in a changing climate
- Murray Darling Basin sustainable yields project
- First Nations water policy.

M

‘Other strategies and plans’ (from the IP&R framework in a broader context) that demonstrate the links between the core IP&R elements and other planning within and external to Council, including disaster risk management

While the elements of the IP&R framework are described in the *Local Government Act 1993*, the framework has always been described as sitting within a broader planning context that councils work within. The diagram below demonstrates how the IP&R elements relate to this broader planning context:

Figure 12.



The "other Council strategies" row in the middle of the diagram above provides some examples of the types of planning that councils might do around specific subject areas to further guide the council's planning and resource allocation.

In order for the goals of these "other Council strategies" to be realised, they must do the following:

- They must support the achievement of and be aligned with community objectives described in the Community Strategic Plan
- They must be referred to in the Delivery Program as part of the commitments for that Council term
- The specific activities and actions required for their implementation must be reflected in the Operational Plan in the relevant delivery years
- The resources required for their implementation must be accounted for in each of the elements of the Resourcing Strategy
- Reports about the progress and performance of these strategies' implementation must be included in the reports of the IP&R reporting cycle.

When addressing the RAF expectations through the IP&R framework, other Council strategies that might also be included could be:

- Growth Strategy
- Housing Strategy
- Liveability Strategy
- Special Activation Precinct Planning
- Agricultural Strategy.

It is suggested that a scan of current strategies and plans from across Council be assessed to determine which may have impacts for water strategic planning.

N

Links to resources including the NSW Water Efficiency Framework and related best practice water efficiency examples

Appendices J and L include links to many resources that support strategic planning for local water utilities. Councils are particularly encouraged to consider the following water efficiency resources:

- NSW Water Efficiency Framework: a best practice guide to developing and delivering water efficiency
- NSW Government's Water Efficiency Program
- UTS Institute of Sustainable Futures' Water efficiency and demand analysis
- Hunter Water's open space and sporting field best practice guidelines for turf
- Australian Water Association's Next generation water efficiency: looking over the horizon
- LGNSW's submission to the Productivity Commission's National Water Reform Inquiry
- NABERS (National Australian Built Environment Rating System) – NABERS Water
- NSW Water Directorate's Bookshop resources (for sale)
- IPWEA's (Institute of Public Works Engineering Australasia) Bookshop resources (for sale).

Note: If other best practice water efficiency resources are identified in your Council's planning practice, please contact CNSWJO so that they can be added to this list.

Sample Statement of Revenue Policy content

demonstrating how water and sewer prices and developer charges are the primary funding source to recover service provision costs, and the basis of their determination

The following is an example of a Statement of Revenue Policy, adopted by Central Tablelands Water as part of its 2023-24 annual Operational Plan & Budget (four pages):

ADOPTED FROM CENTRAL TABLELANDS WATER

Central Tablelands Water

STATEMENT OF REVENUE POLICY

Council is conscious of the needs of its consumers which require a reliable and high quality water supply that complies with the Australian Drinking Water Guidelines. Council is also aware of ensuring that its pricing policies must permit the renewal and upgrading of its water network infrastructure so that current service levels can be maintained into the future.

The following principles are applied in the Revenue Policy:

1. Full cost recovery inclusive of both direct and indirect costs.
2. Seeking to achieve an operating surplus before capital amounts each financial year.
3. Ability to fund the Capital Program to maintain service levels by renewing ageing infrastructure.
4. Infrastructure is upgraded where is required to maintain service to standards of service for users needs
5. Statutory charges are applied in accord with legislative requirements.
6. Capacity to service any borrowing requirements.
7. Price changes are communicated to consumers on a timely basis.

Council applies the principles of the Regulatory Assurance Framework (RAF) developed by the Department of Climate Change, Environment, Energy and Water when it comes to determining its fees and charges.

In summary, the following pricing regime exists for Central Tablelands Water:

1. A two part pricing policy of an availability (access) charge, determined on the diameter of the meter, and a straight line consumption charge.
2. There are no non-residential cross subsidies.
3. Water accounts are rendered quarterly so that users have a timely record of consumption and costs.
4. Development Service Charges are set in accord with methodology set down in accord with the Development Servicing Plan

Council has reviewed its Revenue Policy for 2024/25 with the main features being:

1. An increase in the consumption charge of 3.13% from $3.84 to $3.96 per kilolitre (kl) to assist with funding the large water supply network.
2. Availability charges will increase by 7.35% and applied in accordance with the Flow Capacity Factors outlined below. (meter size of service connection, determines the load that a service can put upon the network)
3. Bulk Supply Water charges to other Councils will rise to $2.38 per kl.

4. Development contributions have been set in accordance the 2021 Development Servicing Plan (DSP). (as per the movement in the Sydney CPI)
5. Legal Expenses incurred for debt recovery purposes now includes all associated costs including early stage and late stage intervention in accordance with Council's Water Charges Debt Recovery Policy.
6. Section 603 Certificate fees have been set at the approved of $100 in accord with the advice from the Office of Local Government.
7. Special Reading Fees have been set at $100.
8. The fee at Council's automatic filling stations will be set at $8.70 per kl.
9. The fee at Council's standpipes will be set at $10.00 per kl.
10. Service connection fees and private works have been increased by 7% to reflect the cost of providing these services in particular employee wages and materials.
11. The processing fee for customer requested account refunds will be set at $50.00. This only applies if more than one request is made in each financial year.
12. In accordance with the directive of the Office of Local Government (OLG) interest applied on overdue accounts will be at the rate of 10.5%.
13. The fee for undertaking pressure and flow testing requested by consumers will be $270.00 to provide for recovery of costs including administration

Availability charges will increase from $272.00 to $292.00 pa ($68.00 to $73.00 per quarter) for a 20mm service connection. This is an increase of approximately 7.35%. This is aimed to reduce the reliance on water user charges and to reduce revenue volatility due to adverse climatic conditions.

It is notable that unlike some local water utilities Council does not levy an availability charge for unconnected vacant properties as permitted by Section 552 of the Local Government Act. Section 552 permits an availability charge to be levied where an unconnected vacant property is located within 225 metres of a Council trunk main and the property is capable of being supplied water.

The overall impact the water access and user charges have on a consumer that uses the average residential consumption of 140kls per annum is an increase of around 71 cents per week or 4.55%.

Based on a consumption of 300kls per annum the increase overall in water charges in 24/25 is $1.08 per week. ($56.00 annually) This increase is necessary to cover the rising costs including but not limited to wages, depreciation and materials.

ADOPTED FROM CENTRAL TABLELANDS WATER

AVAILABILITY (ACCESS) CHARGES

The availability charge is calculated by multiplying the charge for a standard 20mm connection by the flow capacity factor (FCF) listed in the Flow Capacity Table below.

FLOW CAPACITY TABLE

Diameter of Water Service	20mm	25mm	32mm	40mm	50mm	80mm	100mm
Flow Capacity Factor	1.00	1.5625	2.56	4.00	6.25	16.00	25.00

The FCF is a factor based upon relative meter size and measures the load that can be placed on the system by that service size (i.e. large services place greater loads on the system). That is, larger services can place a much larger load on Council's supply network than a smaller service. Based on the formula a 40mm supply can put 4 times more load on the system than a 20mm connection, therefore the availability charge is 4 times that of a 20mm service. The larger the load that can be placed on the system the larger the charge.

A concessional fee applies to Fire Services with the access charge capped at the 20mm supply rate unless the service is used for purposes other then fire prevention and control.

DEVELOPER CHARGES

The 2021 Development Servicing Plan details how the calculated developer charge per Equivalent Tenement (ET) is levied on all new developments, or additions/changes to existing developments, supplied from the Lake Rowlands Supply area.

THE SECTION 64 DEVELOPER CHARGE FOR 2024/2025 IS SET AT $7,179 PER ET

An ET is calculated in accordance with the Section 64 Determination of Equivalent Tenement (ET) Guidelines, published by the NSW Water Directorate. It is important to note that blocks exceeding 2,000m2 in size are considered in the guidelines to exceed 1 ET.

The Developer Charges for the Lake Rowlands supply area have been increased by 4.1% being the CPI for Sydney for the past year (movement Dec 22 to Dec 23 - ABS 6401). The fee will be set

at $7,179 per equivalent tenement. The capital contribution charge (for infill developments) in the Lake Rowlands supply area has also been set at $7,179 per equivalent tenement.

The capital contribution charge for all vacant unbuilt upon land within the Quandialla supply area is proposed to be $3,590 per ET. Funds raised by this charge will be set aside for renewal and augmentation (if required) of the Quandialla Scheme network infrastructure.

ESTIMATED INCOME AND EXPENDITURE

Detailed estimates of Council's income and Expenditure for 2024/2025 are in the attached Appendix.

REVENUE POLICY INCLUDING FEES AND CHARGES

Council's Revenue Policy is included in the attached Appendix.

LOAN BORROWINGS

Council does not plan to undertake any loan borrowings in the 2024/25 Financial Year.

The following is an example of a Statement of Revenue Policy, adopted by Bathurst Regional Council as part of its 2023-24 annual Operational Plan & Budget. Category 5 under the Pricing Policy Principles is considered particularly relevant when developing a Statement of Revenue Policy for local water utilities:

ADOPTED FROM BATHURST REGIONAL COUNCIL

Part C - Pricing Policy

1. POLICY STATEMENT

Council's pricing policy aims to be equitable by recognising people's ablity to pay and balancing expectation that some services will be cross-subsidised for the common good of the community.

2. STRATEGIC GOALS

2.1 To explore all cost effective opportunities to maximise Councils revenue base.
2.2 To ensure consumer's value for money by providing effective and efficient service.
2.3 To balance the dependence on rates and grants against other funding sources.
2.4 To manage financial risk in a volatile economic climate.
2.5 To provide integrated and coordinated services which assist all sections of the community in line with Council's corporate goals.
2.6 To develop pricing structures that can be administered simply and inexpensively and be easily understood by the public, and in so doing, recognising that aiming at simplicity can sometimes lead to minor inequities.

3. PRICING POLICY PRINCIPLES

Category 1 - Full Cost Recovery
Recovery of all direct and indirect costs associated with providing a service, including in some cases, making provision for future capital expenditure.

Category 2 - Partial Cost Recovery
Subsidised operations which are of benefit to the community as a whole, and undertaken voluntarily by Council or as a requirement of the Act.

Category 3 - Market Pricing
When Council provides a similar service 'in competition' with other councils or agencies, e.g. saleyard fess, hall hire, etc, where alternative service provides are available. This category also includes prescribed or recommended fess.

Council will not use subsidies to aggressively price others out of the market or compete unfairly.

Category 4 - Disincentive Pricing!
Where Council sets a fee structure:

(i) For non-core activities to encourage customers to seek alternative service providers to provide the service.
This applies to activities where Council would prefer not to provide the service in the long term.
(ii) To encourage people to 'do the right thing' e.g. a scaled tariff that rewards low water consumers, library fines, etc.

Category 5 - Sewerage Service Pricing
(i) Follows the NSW Office of Water Best Practice Pricing Guideline and is a combination of uniform annual charges, access and usage charges.
(ii) Collects revenue to fund the sewerage system from ratepayers who actually benefit from availability or use of Council's sewerage system.
(iii) Ensures Council derives sufficient income to operate the sewerage system and provide for future capital expenditure and debt servicing.
(iv) Sends appropriate pricing signals, can be administered relatively simply and inexpensively and can be understood by the public.
(v) No subsidisation between residential and non-residential categories.

Category 8 - Water Supply Service Pricing
i) Is based on income gained from 25% of service charges and 75% of usage charges from residential customers, in accordance with the Best Practice Management of Water supply and Sewerage Guidelines issued by the NSW Office of Water August 2007.
(ii) Collects revenue to fund the water supply system from the people who actually benefit from availability or use of Councils water supply.
(iii) Ensures Council derives sufficient income to operate the water supply system, irrespective of seasonal fluctuations and provides for capital and debt servicing.
(iv) Assists in the deferment of capital works.
(v) Does not impede Council's commitment to greening the district.
(vi) Can be administered simply and cheaply and be easily understood by the pubic.

Category 7 - Section 7.11 Contributions Pricing.

To ensure Section 7.11 contributions reflect the costs incurred in providing community facilities/services, open space and recreational facilities, required to meet the additional needs of the community created by new development and in doing so, ensure the local amenity does not diminish.

Category 8 - Set By Statute or Government Department.

Certain fees and charges are set by Regulation, by Ministerial approval or by State or Federal Government pricing policy.

P

Better practice examples from water authorities for cost-benefit analysis supply viability and demand-side options

In NSW, there are four county councils that carry out primarily or only water authority functions:

- Central Tablelands Water
- Goldenfields Water
- Riverina Water
- Rous County Council.

County council resources that may support strategic water planning are provided below for reference by other local water utilities:

Central Tablelands Water	Saving Water factsheets Demand Management Plan
Riverina Water	Demand Management Plan (link on page)
Rous County Council	Future Water Project Regional Demand Management Plan

Sample 'criticality matrix' or similar

In assessing risks and prioritising actions and resource allocations, it may be helpful to use a 'criticality matrix' or similar. The example below has been provided by a Council participant in this project who uses such a matrix to support that council's risk assessment processes.

Figure 13.

		LIKELIHOOD		
		LOW	MEDIUM	HIGH
IMPACT	HIGH	Medium	High	Critical
	MEDIUM	Low	Medium	High
	LOW	Low	Low	Medium

Examples:

1. Water quality affected by industrial pollution:

LIKELIHOOD	Medium
IMPACT	High
CRITICALITY	High

2. Water security affected by overuse of groundwater

LIKELIHOOD	Medium
IMPACT	High
CRITICALITY	High

R

Sample progress and performance measures and indicators (including data sources) for application in asset management planning

When assigning measures in planning documents to support future monitoring, review and reporting, it is important to confirm that the necessary data will be available to support measurement in a timely way. Data should be reliable and from a trusted source. Data availability may need to be confirmed with the relevant data custodians.

The excerpt below is from Rous County Council's Strategic Plan (2022-2032), demonstrating how each measure is assigned a target to support reporting.

ADOPTED FROM ROUS COUNTY COUNCIL'S STRATEGIC PLAN (2022-2032)

Ref	Strategic objectives	Strategies to get there	What is being measured	Target
1.3	**Water security, quality and sustainable consumption (continued)**			
1.3.3	Water end-users appreciate the value of water as a natural resource and use it responsibly.	Implement the Regional Demand Management Plan (2022 – 2026).	% of Rous's actions completed on time.	90%
1.3.4	Opportunities for enhancing the region's water capacity are realised through greater use of purified recycled water.	(i) Actively participate in industry and government working groups that inform policy and regulation change.	(i) Number of working groups that Rous actively participates in.	(i) At least 3.
		(ii) Seek government approval for a demonstration water recycling plant.	(ii) Status of approval for demonstration water recycling plant.	(ii) Approval granted by 2032.
1.4	**A sustainable Council**			
1.4.1	Resources required to deliver commitments now and into the future are planned for, prioritised and implemented to ensure Rous's sustainability.	Update, maintain and implement the Resourcing Strategy: • Workforce Management Plan • Asset Management plans • Long-Term Financial Plan.	(i) % of scheduled actions completed on time. (ii) Frequency of review of plans.	(i) At least 90%. (ii) Annual.
1.4.2	Opportunities identified to strengthen Rous's revenue streams.	(i) Secure access to NSW TCorp borrowing facility.	(i) Status of TCorp approval.	(i) Granted by 31 March 2023.
		(ii) Implement Richmond Water Laboratories Strategic Plan.	(ii) Sales / revenue.	(ii) Increase revenue by 25% per annum to 30 June 2024.
		(iii) Develop and commence implementation of a Development Servicing Plan for Bulk Water Supply.	(iii) Status of Development Servicing Plan.	(iii) Adopted by end 2022.

INTEGRATED PLANNING AND REPORTING FRAMEWORK 2022–2025 – 01. BUSINESS ACTIVITY STRATEGIC PLAN 2022–2032 15

ADOPTED FROM ROUS COUNTY COUNCIL'S STRATEGIC PLAN (2022-2032)

Ref	Strategic objectives	Strategies to get there	What is being measured	Target
1.4	**A sustainable Council (continued)**			
1.4.3	Embed and sustain a positive risk management culture.	(i) Implement Risk Management Strategy and Plan (Framework).	(i) Legislative and Australian Standards compliant Framework and % of identified risk treatment and Plan actions completed.	(i) Annual compliance attestation and at least 90% of identified actions completed.
		(ii) Review, ensure currency and operability of Emergency Response Plans.	(ii) Frequency of review and testing of plans.	(ii) Plans tested at least once per council term.
		(iii) Implement Audit Program (internal / external).	(iii) Internal audit completion and % of scheduled actions completed within 18 months.	(iii) At least one audit per year, with 80% actions completed.

INTEGRATED PLANNING AND REPORTING FRAMEWORK 2022–2025 – 01. BUSINESS ACTIVITY STRATEGIC PLAN 2022–2032 16

Each planning process should seek to understand what measures will best support the business to understand if the identified actions, activities, strategies and projects are progressing as planned and are achieving the desired outcomes. For measures to be useful for monitoring, review and reporting purposes, a reliable and timely data source is required – this should be confirmed as the plan or strategy is being developed, so that only appropriate measures supported by data sources are included.

Rous County Council's Asset Management Strategy also describes a number of performance measures that might be useful for other local water utilities to include in their asset management planning:

- % of maintenance objectives met
- Number of trunk mains breaks per 100km
- Number of reticulation mains breaks per 100km
- Number of identified failed valves
- Trend in condition of asset classes
- Useful life remaining
- % of asset under or over utilised
- Frequency of unplanned service interruptions
- Frequency of planned interruptions per customer
- Frequency of repeat interruptions per customer (customers affected by more than one interruption)
- Average duration per affected customer of unplanned interruptions.

- Number of separate unplanned interruptions exceeding 24 hours in duration
- Number of planned interruptions that exceed the notified timeframe
- Average duration per affected customer of planned interruptions
- Number of planned interruptions that exceed 8 hours duration
- Total duration of time above or below SLA notification levels
- % of planned interruptions where notification not provided within agreed timeframes
- % of new staff who receive asset management induction
- Increasing trend in asset management-related professional development undertaken
- Increasing trend in proportion of asset-related project proposals that specifically address asset management principles
- Decreasing trend in number of amendments to capital works plan and budget
- % of capital works completed as proposed
- Number of asset management documents (plans, policies, procedures) reviewed annually
- % of identified asset management improvement actions completed on time

Each local water utility should develop performance measures that support them to monitor and report on those issues and activities that matter most. This might be due to their political sensitivity, their service delivery impact, their financial impact and so on.

CNSWJO has undertaken a regional water and sewerage performance reporting project in the past (report published in March 2023). The report included information that supports local water utilities' performance monitoring activities, as well as a table of useful references, reproduced in the following table.

Ref	Title	Author	Relevance to Performance Reporting
1	**User Guide - NSW Performance Monitoring Database**	**DPE Water**	Provides information on how to use the DPI Water database. Topics covered include: – Overview – Data responsibilities – Data page layout – Data checking – Data downloads – Water balance report – Submitting performance data – Troubleshooting – References and definitions – System changes - history
2	**Standard Brief for Auditing of National Performance Indicators - July 2022**	**DPE Water**	Provides a template consultant brief to assist in the engagement of an auditor. Topics covered include: – Background – Audit Scope and Methodology – Audit Reporting – Appointment of Auditors – Table of Audit Findings Template – Payment and Timing – Liaison – Public Short Form Audit
3	**National urban water utility performance reporting framework: Indicators and definitions handbook January 2018**	**Bureau of Meteorology**	Provides extensive definitions of the national indicators (Refer Section 2.3). Topics covered include: – Guidelines for reporting – Water resources – Asset data – The customers – Environment – Pricing and finance – Public health – Indicator list
4	**2013-14 National Performance Framework: Urban Auditing Requirements**	**Australian Government National Water Commission**	Provides extensive information on the auditing requirements. The document is set out in three parts: – Auditing requirements – Audit grading system – Audit report template
5	**Lower Macquarie Water Utilities Alliance - Handbook for Small Local Water Utilities: Water and Sewerage Performance Reporting**	**Mike Brearley & Associates Pty Ltd**	This handbook will assist staff who are tasked with compiling the performance reporting data. – Understanding the indicators and the reporting process. – Suggested procedures for capturing, managing and reporting relevant data; – Understanding the components of an organisation's water balance. – Clarifying the definitions of a number of indicators.

Further information about local water utility performance monitoring can be found on the NSW Government's Local water utility performance website, and the Australian Bureau of Meteorology's Urban national performance report website.

S

Sample reporting templates, including for asset management, Delivery Program reporting and Annual Report preparation

The structure and content of reports is largely dependent on how the planning document being reported on has been prepared. There is no 'one-size-fits-all'.

In developing plans, it is important to consider how monitoring, review and reporting will be conducted over the life of the plan and ensure relevant information is considered and included in the plan.

Reporting should seek to answer the following questions:

- What did we say we would do?
- What progress or performance target did we set for each activity being reported on?
- For the reporting period, how much of what we said we'd do have we done? [This is the progress report]
- How well did we do what we said we'd do? [this is the performance report].
- Did anything get better or change as a result of what we did? [this allows us to report on results/outcomes].

To find a planning and reporting structure and content that works for you, look over some of these documents and resources for ideas and inspiration:

- Past State of the Environment reports from your Council or region
- Local water utility performance monitoring database
- ISO 55000 and ISO 55001 – asset management
- Other councils' reports
- Institute of Public Works Engineering Australia IPWEA's Asset Management
- Water Services Association of Australia.

T

Regulatory standards that apply to water and sewerage services delivered by local water utilities

The following checklist of regulatory standards for consideration in water strategic planning has been identified by project participants:

- NSW Dam Safety Act 2015, Dam Safety Management System and resources
- NSW Protection of the Environment Operations Act 1997
- Environment protection licences
- NSW Health's Water utilities requirements
- NSW Work Health and Safety Act 2011
- Section 60 of the NSW Local Government Act 1993
- NSW Environmental Planning and Assessment Act 1979
- NSW Water Management Act 2000
- Relevant Environmental Planning Instruments (LEPs, SEPPs, etc)
- NSW building and subdivision requirements
- Australian Drinking Water Guidelines (updated Sept 2022)
- NSW Guidelines for Drinking Water Management Systems
- Australian guidelines for water recycling.

Considerations include:

- Water security
- Compliance with the statutory requirements (see checklist above)
- Water pressure.

U

Resources that consider resilience in IP&R (eg Hunter JO, Canberra Region JO and Central NSW JO disaster resilience projects)

In undertaking strategic planning, issues such as disaster risk reduction, disaster recovery, climate change adaptation and resilience are sure to be considerations. Some work undertaken by Joint Organisations in NSW that may support local and regional water utility strategic planning includes:

- Central NSW Joint Organisation's work:
  - Regional water security
- Hunter Joint Organisation's work:
  - Climate change IP&R package and Climate change adaptation resources
  - Disaster resilience and resource library
  - Environmental compliance
  - Water sensitive urban design
- Canberra Region Joint Organisation's work:
  - Resilience Blueprint
  - Disaster Risk Reduction: learn, share, embed.

Central NSW Joint Organisation has also developed a Disaster Risk Reduction framework for its member councils. Contact the JO for access to this resource.

V

Sample workforce capability framework for water utility roles

LGNSW has developed a local government capability framework that sets out the essential knowledge, skills, abilities and other attributes needed to work effectively in local government.

Key roles for local water utilities include:

- Water treatment plant operators
- Water network operators
- Engineers
- Asset officers
- Dam operators
- Trade waste officers
- Water quality officers.

In late 2022, the former Department of Planning and Environment produced the Water operations skills and training action plan to lead water industry workforce development to increase the skills and capacity of the water sector to reduce operational risks, increase jobs and ensure safe and reliable water and sewerage service for NSW communities.

To see the work of DCCEEW's Skills and Training Focus Group under development, go to: Improve access to skills and training | Water (nsw.gov.au)

The CNSWJO continues to identify and coordinate the delivery of water operator training and to facilitate workforce data gathering. Please contact the CNSWJO for further information.

Additional workforce planning resources include:

- https://www.olg.nsw.gov.au/councils/integrated-planning-and-reporting/support-for-implementation-of-ipr-framework/workforce-planning/?selected_tab=93
- https://lgiu.org/publication/local-government-workforce-and-capability-planning/
- https://alga.com.au/app/uploads/LG-Workforce-Skills-and-Capability-Survey-National-Report.pdf
- https://sgsep.com.au/projects/workforce-skills-capability
- WIOA Water Registration Schemes.

To see the work of DCCEEW's Skills and Training Focus Group under development, go to: Improve access to skills and training | Water (nsw.gov.au)

The CNSWJO continues to identify and coordinate the delivery of water operator training and to facilitate workforce data gathering. Please contact the CNSWJO for further information.

W

Sample asset management planning for water and sewer supply services

The IP&R framework describes what local water utilities should consider and include in their asset management planning processes.

A summary of the essential elements for asset management planning included in the IP&R Guidelines (2021) is provided below:

General requirements for asset management planning

3.14 Each council must account for and plan for all the existing assets under its control, and any new asset solutions proposed in its Community Strategic Plan and Delivery Program.

3.15 Each council must prepare and adopt an Asset Management Policy, an Asset Management Strategy and Asset Management Plan for each class of assets to support the Community Strategic Plan and Delivery Program.

Minimum timeframe for the Asset Management Strategy and Plans

3.16 The Asset Management Strategy and Plans must be for a minimum timeframe of 10 years

Basic structure of the Asset Management Strategy

3.17 The Asset Management Strategy must include the council-adopted Asset Management Policy

3.18 The Asset Management Strategy must identify assets that are critical to the council's operations and outline risk management strategies for these assets.

3.19 The Asset Management Strategy must include specific actions required to improve the council's asset management capability and projected resource requirements and timeframes.

Basis structure of the Asset Management Plans

3.20 The Asset Management Plans must encompass all the assets under a council's control.

3.21 The Asset Management Plans must identify asset service standards.

3.22 The Asset Management Plans must contain long-term projections of asset maintenance, rehabilitation and replacement, including forecast costs (for reflection in the Long-Term Financial Plan).

Asset Management reporting

3.23 Councils must report on their assets in the annual financial statements, in accordance with the Local Government Code of Accounting Practice and Financial Reporting, including condition assessment, renewal and maintenance expenditure.

The following examples of asset management planning for water and sewer supply services may provide guidance to local water authorities in their asset management planning, risk mitigation and financial modelling activities:

- Bega Valley Shire Council's Water & Sewer Strategy 2022-2025
- Shoalhaven Water's asset management plans
- Hilltops Council's IWCM (Dec 2023).

Glossary of terms The following terms and acronyms are used within the Toolkit:

AM	Council's Asset Management (including an AM Policy, AM Strategy and AM plans for each asset class under Council's control)
AR	Council's Annual Report to the community
BASP	County Councils' Business Activity Strategic Plan
CES	Council's Community Engagement Strategy
CNSWJO	Central NSW Joint Organisation
CSP	The Community Strategic Plan for the local government area, prepared by Council
DCCEEW	Department of Climate Change, Energy, the Environment and Water
DP	Council's Delivery Program for the elected Council's term of office
DP report	Council's Delivery Program progress report (provided to the governing body at least every six months)
EE	Essential Element – a mandatory requirement of the IP&R framework
IP&R	Integrated Planning & Reporting
IP&R framework	The Integrated Planning & Reporting framework described in the NSW Local Government Act 1993 and the OLG's IP&R Guidelines
LEP	Local Environment Plan, a statutory instrument governing land use for a local area
LGA	Local government area
LSPS	Council's Local Strategic Planning Statement, describing the long-term land-use planning objectives for the LGA
LTFP	Council's Long-Term Financial Plan
LWU	Local water utility (local councils operating water and/or sewerage utilities)
OLG	The NSW Office of Local Government
OP	Council's annual Operational Plan and Budget
RAF	Regulatory and Assurance Framework, required by the Dept of Planning & Environment for LWU strategic planning
RS	Council's Resourcing Strategy (which includes LTFP, WMP and AMP) describing how it will resource its Delivery Program commitments and plan for its future resource sustainability
SoRP	Council's Statement of Revenue Policy, developed annually with the Budget, and to support the LTFP's update.
SotSR	The local government area's State of the Shire Report (or State of the City Report), prepared at the end of each local government term to review the progress and achievements of implementing the CSP and to inform the development of the next CSP (previously referred to as the End of Term report)
WMP or WMS	Council's Workforce Management Plan/Strategy

Author's note:

This Toolkit assumes that councils are implementing IP&R as intended and in line with the requirements of the Local Government Act. However, there is much evidence that this is not always the case!

If the expectations of the RAF are to be met through the IP&R framework, then the IP&R framework must be implemented in line with the requirements and intent of the legislation.

It is hoped that the guidance provided throughout this Toolkit will support better IP&R practice, and therefore enable local water utilities to effectively meet the RAF expectations.

A Practitioner's Toolkit

Transitioning Local Water Utility strategic planning into the Integrated Planning & Reporting framework

CENTRAL NSW
JOINT ORGANISATION