

Review of the implementation of the Regulatory and Assurance Framework for local water utilities (RAF)

What we heard report

December 2025

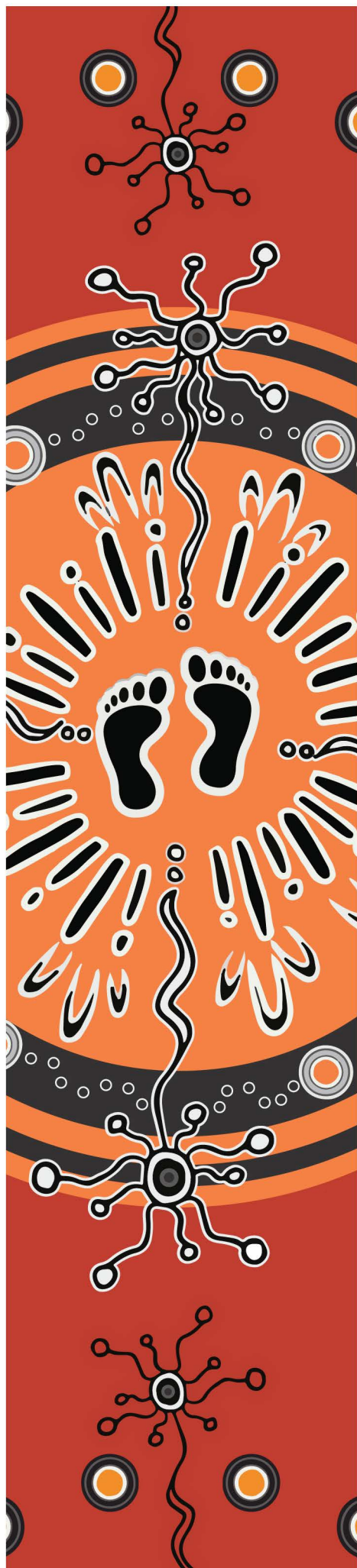


Acknowledgement of Country

Department of Climate Change, Energy, the Environment and Water acknowledges the traditional custodians of the land and pays respect to Elders past, present, and future.

We recognise Australian Aboriginal and Torres Strait Islander peoples' unique cultural and spiritual relationships to place and their rich contribution to society.

Artist and designer Nikita Ridgeway from Aboriginal design agency Boss Lady Creative Designs created the People and Community symbol.



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Cover image A stormy sky and rain over the town of Canowindra in the Central West of NSW. Photo: Chris Watson.

Acknowledgements The Department acknowledges Andrew Davis for his substantial contribution to this document.

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1. Executive Summary

The *Regulatory and Assurance Framework for local water utilities* (RAF) is a government policy that guides how Local Water Utilities (LWUs) are regulated. It was developed in partnership with LWUs and sets out the overall vision for the water sector and explains what the Department of Climate Change, Energy, the Environment and Water (the department) expects from LWUs. It also outlines the department's role as regulator, including how it monitors and supports LWUs to meet those expectations. The RAF applies to LWUs in regional NSW and was launched on 1 July 2022.

The framework is shaped by a shared vision across the sector to provide safe, reliable, sustainable, and affordable water and sewerage services that support healthy, resilient communities, businesses, and the environment, now and into the future.

As the regulator, the department is responsible for overseeing LWUs to ensure they meet these service standards and manage water service risks effectively. To achieve this, the department sets policy; regulates; provides oversight and assurance; and outlines expectations for the sector, including the need for LWUs to have strategic planning in place.

Between May and July 2025 the department undertook a performance review of the implementation of the RAF. This is the first review of the RAF since it came into effect in July 2022. The department sought feedback from the sector to understand how well the RAF has been implemented. In total 54 stakeholders, including LWUs, peak bodies and industry representatives shared feedback through surveys, online feedback sessions, and interviews.

This report outlines the feedback received from the sector and provides an initial response from the department to key feedback points, and concludes the first phase of the review. A second phase of this RAF review (October 2025 – December 2026) will further consider the feedback from the sector and explore solutions to the feedback points and issues identified.

The feedback received from the sector suggests that there is clear support for the RAF, with the intent and content seen as 'good practice', however the sector highlighted several issues it was experiencing with the implementation of the RAF.

Overall, 10 key feedback points emerged from our consultation, and these points have been grouped under 5 themes. These feedback points are the focus of this report and are summarised in Table 1. Table 1 also sets out an initial response from the department, and advises the next steps we will take to analyse this feedback and explore options to resolve these implementation issues.

The feedback points that emerged from the review have been grouped under the following 5 themes:

Theme 1:

Drivers for implementation of the RAF

Theme 2:

Implementation experience and barriers – strategic planning assurance

Theme 3:

Implementation experience and barriers – assessing and approving proposed works

Theme 4:

Implementation experience and barriers – other sections of the RAF

Theme 5:

Enablers for the implementation of the RAF and the role of the department

Table 1. Feedback summary

Theme 1: Drivers for implementation of the RAF

- **Feedback point 1** – The primary driver for LWUs to engage with the RAF is its value in defining good practice and for understanding and managing risks.
- **Feedback point 2** – All stakeholders are aware of the RAF, but the depth of understanding of its different sections varied.

Department response

The department acknowledges the strong recognition of the RAF's value in guiding good practice and managing risks. To build on this the department will continue to work with the sector on educational activities to support the RAF. LWUs are encouraged to strengthen their understanding of the RAF. There are opportunities for LWUs to access the department's technical advisory services and to make use of the optional guidance materials available to support strategic planning under the RAF.



Image: Local water utilities treat and deliver drinking water to 1.8 million people in regional NSW.

Theme 2: Implementation experience and barriers – strategic planning assurance

- **Feedback point 3** – The most common barrier to LWUs undertaking effective strategic planning and seeking assurance, is lack of resources, particularly for smaller utilities.
- **Feedback point 4** – The strategic planning assurance (SPA) assessment process is perceived as prescriptive and not adaptable to differences between LWUs, contrary to early expectations that the RAF would introduce a more flexible approach to these assessments.
- **Feedback point 5** – LWUs recognise effective strategic planning for water and/or sewerage services is inherently complex, however the perception and experience of LWUs is that it's a complicated and sometimes confusing process to meet RAF strategic planning outcomes and expectations as set out in [RAF Section 3](#).
- **Feedback point 6** – There has been an increased sector-wide focus on strategic planning, supported by funding under the Safe and Secure Water Program (SSWP). However, this has also contributed to a perception of a slower transition to SPA under the RAF, as many SSWP funded projects were developed using the now retired Best Practice Management for Water Supply and Sewerage (BPM) framework, including the Integrated Water Cycle Management (IWCM) Checklist.

Department response

The department notes LWU sector feedback that the 12 strategic planning outcomes and associated expectations of LWU strategic planning under [section 3 of the RAF](#), represent good practice and enable understanding and management of risk, but that the sector faces resourcing challenges in implementing effective strategic planning, and seeking strategic planning assurance.

In response to the *NSW Productivity and Equality Commission's Review of Funding Models for Local Water Utilities*, the NSW Government gave in-principle support to making the effectiveness expectations outlined in Section 3 of the RAF a formal requirement for all LWUs in regional NSW. This aligns with the existing mandated functions under the *Local Government Act 1993*, which already require councils to do strategic planning covering all functions, including water supply and sewerage services, through the Integrated Planning and Reporting Framework (IP&R).

The NSW Government agrees that effective strategic planning, and coordination of broader strategic planning across local and state levels, plays a central role in identifying funding needs and ensuring stable, predictable, and targeted funding of the LWU sector.

The department understands that the scale of the utility operations and their risk profiles vary across regional NSW, and LWUs should have flexibility as to how they are meeting the 12 outcomes in a risk based proportionate way. Section 3 of the RAF represents a shift from the retired BPM framework to a flexible outcomes-focussed approach. In seeking SPA, a LWU needs to demonstrate how its strategic planning is effective, evidence based for its service needs, and proportionate to its risks, and in some cases a LWU may exercise this flexibility, for example by demonstrating that an expectation is irrelevant or low risk for its utility circumstances. LWUs may also opt to use the IP&R framework to demonstrate they are meeting strategic outcomes under the RAF, regardless of the framework LWUs must demonstrate sufficient, and robust strategic analysis.

The department will consider sector feedback to better understand perceptions that the RAF's processes may be prescriptive, or inflexible, or confusing, and will consider opportunities for improvement. The department will also consider how it may better communicate how LWUs can apply the strategic planning guidance materials and share further tools and templates to assist LWUs to undertake strategic planning.

The department recognises that many LWUs have progressed with strategic planning using the now-retired BPM framework and that this strategic planning approach has been formalised in SSWP funding deeds with work linked to consultancy contracts. The work undertaken will be a valuable step in transitioning towards assurance under the new strategic planning under the RAF.

Strategic planning is a process, not a one-time exercise, and meeting the RAF's effectiveness expectations is possible regardless of how a LWU is funded to undertake strategic planning. LWUs need to understand the gaps between what they are doing to meet funding obligations and what is required to have effective strategic planning in place, as required under the RAF. LWUs are encouraged to actively engage with the department's advisory and support services and use the guidance materials, to help meet the 12 strategic planning outcomes under the RAF and obtain assurance from the department.

Theme 3: Implementation experience and barriers – assessing and approving proposed works

- **Feedback point 7** – The sector acknowledged that transparency around assessing and approving proposed works has improved. However, LWUs also said that the process could still be refined, and that the scope of assessment should be more clearly defined.
- **Feedback point 8** – LWUs expressed that assessing and approving proposed works, which often involves multiple rounds of information requests, results in delays to critical infrastructure upgrades.

Department response

The department is responsible for LWU works approvals under the delegated authority of the Minister for Water. The process of the assessment and approval seeks to ensure that works are fit for purpose, manage relevant risks, and provide robust and safe infrastructure for the community.

The department operates a transparent process that requires LWUs to submit detailed, evidence-based documentation for proposed works. While the department acknowledges the significant effort involved for LWUs, it is essential that all necessary information is provided to enable the department to effectively assess risks and approve infrastructure projects. LWUs are encouraged to consult the RAF and the [additional guidance](#) on works approvals and inspections provided by the department to ensure that their approval submissions are as complete as possible from the outset. This helps minimise delays and supports more efficient assessment timeframes.

However, the department will take into account feedback from LWUs regarding the clarity of the scope of assessment for approvals. It will also explore opportunities to enhance guidance materials, improve the approval process, and enhance the timeliness of advice. The department also recognises the value of ongoing education to support LWUs in navigating the infrastructure approval process effectively.

Theme 4: Implementation experience and barriers – other sections of the RAF

- **Feedback point 9** – Some stakeholders were concerned that the performance reporting process takes significant effort but offers limited value, especially for smaller utilities that lack the capacity to make use of the performance data. LWUs noted generally positive experiences with the implementation of other sections of the RAF i.e. for Liquid Trade Waste (LTW), dividend payments, and inspections (section 61), however some LWUs did note some minor issues.

Department response

The department acknowledges the sector's concerns about the effort required for performance reporting and the differing ability of LWUs to make use of the collated data. However, the department also notes that its recent performance reporting review has already delivered positive changes such as streamlining with national performance reporting, and a reduction in the number of indicators LWUs need to report on.

The department notes that feedback on the implementation of other elements of the RAF, such as dividend payments, inspections, and LTW, was generally positive. The department acknowledges the minor questions raised in relation to these elements and will take them into consideration.

Theme 5: Implementation experience – enablers for the implementation of the RAF and the role of the department

- **Feedback point 10** – LWUs value the improvements in their interactions with the department, which have been driven by the guiding principles introduced in the RAF. They also acknowledge the department’s advisory and support role as an enabler in the implementation of the RAF. However, LWUs feel that some of the principles, of being outcomes-focused and proportionate in the department’s regulatory and assurance assessment role, are not consistently applied in practice.

Department response

The department appreciates feedback that its collaboration and support are valued by LWUs and is committed to continuing to strengthen engagement with the sector. It also acknowledges concerns from the sector that some assessment and approvals processes should be more outcomes-focused and proportionate, consistent with RAF guiding principles.

The department recently undertook a review of its regulatory approaches and culture to find out what was working well, what was unclear, and what could be improved. The findings helped to develop an internal approach and training program designed to give clearer, more consistent guidance to the LWU sector in line with the RAF. These insights are also being used to improve how the department applies the RAF’s guiding principles and objectives.



Image: An aerial view of Finley water treatment plant in the Riverina. Photo: Vince Bucello.

2. Introduction

The department released the [RAF](#) in July 2022, following a period of extensive public consultation. The RAF is designed to ensure LWUs can manage risks, and service needs to deliver safe, secure, efficient, and affordable water and sewerage services to customers and communities, provide public health outcomes, and support economic development, liveability, and the environment.

The RAF defines the LWU sector's vision, sets the department's regulatory objectives, articulates expectations for the sector, and defines its regulatory and assurance functions, and associated processes. These functions include setting expectations for the effectiveness of strategic planning, and providing assurance where expectations are met. They also include concurrence for dividend payments, approval of works, conducting inspections of water and sewage works, LTW concurrence, performance monitoring and reporting, review of regulatory decisions and coordinating assessment and approval of proposed works with co-regulators.

The regulatory requirements of the RAF are based on legislation such as the *Local Government Act 1993* and the *Water Management Act 2000 (NSW)*. It applies to LWUs and water supply authorities in regional NSW.

2.1. About the RAF and this report

As part of a commitment to continuous improvement, the NSW Government periodically reviews departmental policies, processes, systems, and activities. In the RAF the department committed to a performance review of the implementation of the framework and associated guidance materials, within 2 years of its launch, and periodic reviews at least every 5 years. The RAF came into effect on 1 July 2022, and this is the first review.

Stakeholders, including LWUs, peak bodies and industry representatives were invited to share feedback in this initial review of the implementation of the RAF. This consultation was an opportunity for the department to hear directly from the water and sewerage operations sector in regional NSW.

This report summarises the feedback received during the first phase of the review, capturing the key themes, ideas, and concerns expressed during the consultation period and providing initial departmental responses to key feedback points.

The second phase of the review (October 2025 – December 2026) will further consider the range of feedback from the sector and explore solutions to the feedback points and the issues identified. We will work with LWUs to improve understanding and strengthen implementation of the RAF, including making improvements to the processes, education and guidance that support it. More details on Phase 2 of the review are provided in section 4 of this report.

2.2. What this review covers, and how we gathered feedback

This review focuses on the implementation of the RAF to date and records stakeholders' experience with the implementation of the RAF, including its perceived drivers, barriers and enablers. The findings from this review will inform further investigation of how the identified issues affecting the implementation can be addressed. Following this implementation review there will be regular periodic reviews of the RAF and the full suite of its relevant regulatory documents, at least once every 5 years.

This implementation review focuses on:

- evidence and appraisal of compliance and participation rates, and possible drivers
- evidence of the RAF's implementation process quality: LWU feedback on their experience implementing the RAF's requirements and strategic planning effectiveness expectations; markers of problems with the process
- identification of barriers and enablers of the implementation of the RAF.

The department reviewed internal records of relevant regulatory processes run by the department, and feedback from the LWU sector on their perception and experience of RAF implementation. To ensure that the sector's views are adequately represented, both through sufficient level of engagement and composition of the sample of engaged participants, several consultation methods were used. These were: a survey, feedback sessions (public forums), one-on-one interviews, and written submissions.

The review was structured around the following overarching topics:

Topic 1: RAF understanding

How would you assess your knowledge of the RAF and its main regulatory and assurance requirements?

Topic 2: Implementation experience

At a general level, how is the RAF guiding your decision making? How would you describe your experience implementing different parts of the RAF?

Topic 3: Barriers to implementation

Have you observed any issues/barriers with the implementation of RAF requirements and expectations, either in your own utility or the sector?

Topic 4: Enablers of implementation

What has helped support the successful use of the RAF in your utility?

Topic 5: Drivers of implementation

What motivates your utility to seek SPA assessment, seek advice from the department before section 60 approval, or make use of any other part of the RAF?

We analysed the feedback using thematic analysis and grouped it into themes based on the most mentioned topics. There were 5 key themes that emerged from the feedback sessions, interviews, and qualitative survey data:

Theme 1:

Drivers for implementation of the RAF

Theme 2:

Implementation experience and barriers – strategic planning assurance

Theme 3:

Implementation experience and barriers – assessing and approving proposed works

Theme 4:

Implementation experience and barriers – other sections of the RAF

Theme 5:

Enablers for the implementation of the RAF and the role of the department

Responses to closed-ended survey questions were analysed using descriptive statistics such as the calculation of frequencies, percentages and averages.

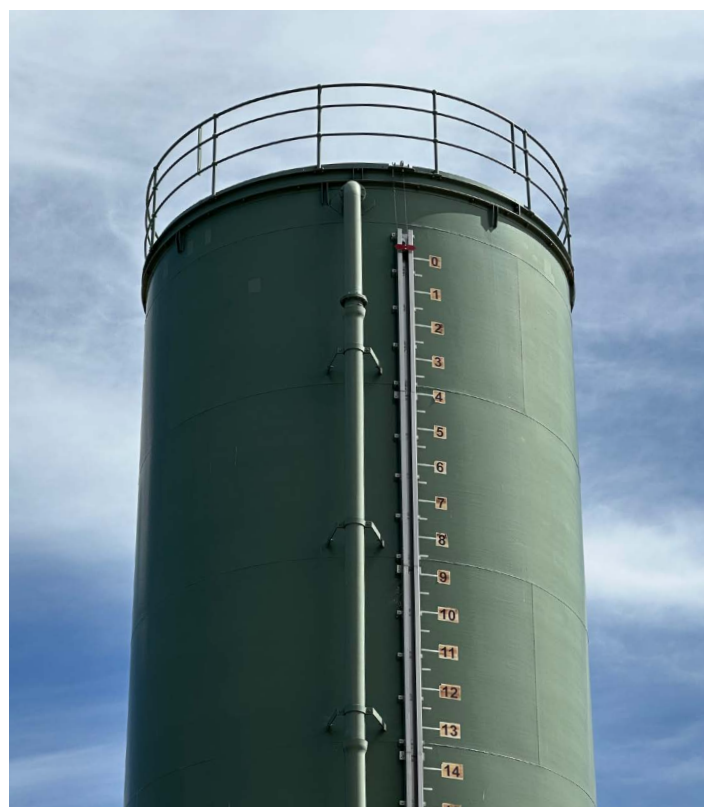


Image: A water tower in rural NSW.

2.3. The RAF – implementation progress to date

The RAF is made up of 10 sections that were developed in collaboration with the LWU sector ([sections 1 and 2](#) of the RAF). It outlines the sector objectives, alongside the department’s regulatory and assurance goals, supported by guiding principles designed to provide clarity and enhance trust, confidence, and accountability. The RAF also outlines how to request a review of a department decision and outlines its commitment to cooperate with other co-regulators to manage overlap of roles ([sections 9 and 10](#) of the RAF).

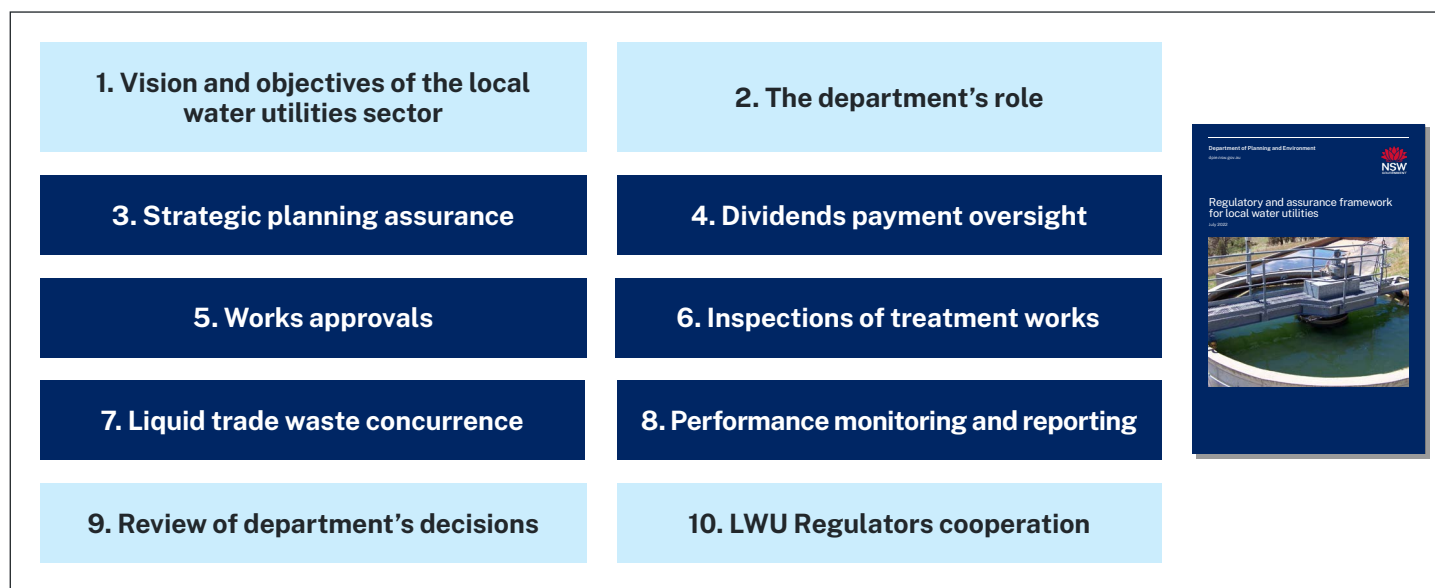


Figure 1. Sections of the RAF. The main body of the RAF provides a summary of the department’s formal regulatory requirements and assurance expectations for having effective strategic planning in place.

The department’s regulatory roles relate to:

- providing oversight of utility’s dividend payments, applicable to councils only under section 409(6) of the *Local Government Act 1993* ([section 4 of the RAF](#))
- assessing and approving proposed works approvals under section 60 of the *Local Government Act 1993* and section 292(1)(a) of the *Water Management Act 2000* ([section 5 of the RAF](#))
- inspecting water and sewage treatment works under section 61 of the *Local Government Act 1993* for the purposes of informing further action ([section 6 of the RAF](#))
- concurrence to the discharge of LTW ([section 7 of the RAF](#)).

The department’s assurance role involves assessing a LWU’s strategic planning and providing assurance that the LWU has effective strategic planning in place ([section 3 of the RAF](#)).

Strategic Planning Assurance (SPA)

Under the RAF, the department expects LWUs to have effective, evidence-based strategic planning in place for water supply and sewerage services. As of June 2025, 8 utilities have either opted to undergo a SPA assessment or have been required to do so. This group of LWUs includes four water supply authorities exercising water supply and sewerage functions under the *Water Management Act 2000*. The utilities listed on the department's dashboard are those that have received a SPA result.

The RAF specifies SPA assessment is to be completed within 60 days unless the timeline is paused due to a request for further information. However, assessments have not yet met this timeframe due to departmental backlogs and resourcing challenges.

Despite this, there is evidence that many LWUs are progressing towards putting in place strategic planning without seeking formal assurance. This is mainly driven by funding provided under the Safe and Secure Water Program (SSWP), which has supported 71 LWUs in undertaking strategic planning. Many of these utilities continue to use the retired BPM framework including the IWCM Checklists. These guidelines have since been replaced by the RAF.

Dividend payments

Under section 409 of the *Local Government Act 1993* a LWU must use the revenue it receives from levying water and sewerage charges, to provide water and sewerage services. However, the council may receive a dividend in the form of a return on capital it has invested in the utility business and use this for any purpose allowed under the LGA Act, or any other Act.

Before taking a dividend, a council must comply with the *Guidelines for council dividend payments for water supply or sewerage services* and any related directions issued by the Minister. The guidelines are currently in the form of section 4 of the RAF.

The guidelines set requirements that a council needs to meet before taking a dividend payment from a surplus of the council's water supply and/or sewerage businesses. The requirements include that a council must demonstrate it has in place effective, evidence-based strategic planning for these businesses.

Only 3 utilities made dividend payments since the launch of the RAF. All these utilities submitted information to the department that satisfactorily demonstrated how they met the eligibility criteria and other requirements for dividend payments, as per the Dividend guidelines.

Assessing and approving proposed works

LWUs are required to obtain departmental approval for water utility works, including the construction or extension of water treatment and other water management infrastructure. In 2023, 13 approvals were granted under section 60 and a further 16 were granted in 2024. The number of approvals reflects infrastructure needs across the sector and is not indicative of the RAF's implementation (compliance rate).

One key improvement introduced by the RAF is the establishment of a 60-day timeframe for the department to assess section 60 applications. In 2023, 63% of applications were assessed and approved within this timeframe. Although this figure declined to 54% in 2024, most applications were still processed within 72 days. The reasons for this decline are multifaceted. While the overall quality of applications has improved, some continue to lack sufficient information. This, combined with departmental staff turnover and a still-developing assessment process, has contributed to delays.

A consistently high percentage of all applications triggered Requests for Further Information (RFI), 81% in 2023 and 85% in 2024. The RFIs relate to a range of areas including strategic planning (fit for purpose criteria); environmental planning expectations; technical details; co-regulatory consultation with co-regulators such as the EPA. In 2023 7% of all applicants requested a review of a department decision. This figure dropped to 0% in 2024.

Inspections

Under section 61 of the *Local Government Act 1993*, the department conducts regular inspections to ensure the proper safety, maintenance, and working of the water treatment and sewerage treatment works of LWUs. These inspections support the Minister's authority under this section to direct councils to take necessary actions to ensure the safety, proper maintenance, and effective operation of these facilities.

At each full inspection LWUs are provided a report, with recommendations for action, where required. A total of 1961 full inspections have been conducted since the launch of the RAF, with 636 in 2024/25. The frequency of inspections is based on a detailed assessment of plant maturity.

Liquid Trade Waste

The RAF did not make specific changes to the department's regulatory concurrence role to LTW approvals. The department has published the [Liquid Trade Waste Management Guidelines 2021](#) to support councils to gain the department's concurrence to their approvals to discharge LTW. These guidelines are risk-based with approval categories grouped by risk (LTW strength), and the department assigns assumed concurrence according to the demonstrated capability of a council.

The RAF guiding principles have been applied to the concurrence process in that the process is now more transparent, collaborative with EPA and councils, and takes into account feedback from past LTW training courses.

The department receives approximately 100 requests for concurrence each year. Of these requests, 10% are refused, mostly because the information needed to understand the risk was not provided within the required assessment period. Around 15% of applications are withdrawn, or the application does not require concurrence assessment by the department. One of the focuses of the department is to work with councils to improve the quality of their concurrence requests.

Performance monitoring and reporting

Since the implementation of the RAF the department, in consultation with the sector, developed a revised the [performance monitoring framework](#). This resulted in substantial reductions in the number of performance indicators that LWUs report against. From the 2024-25 reporting period onwards, the department will only collect and store data for 366 indicators.

Almost all LWUs comply with the performance reporting requirements, with some providing partial data. In 2022 and 2023 respectively, 80% of LWUs, and 74% of LWUs provided full data. Between 2022 to 2024, less than 4 LWUs provided no data at all. This data is available on the department's [website](#).



Image: Plants treat water to remove turbidity, as shown in the jar on the left, so it is clearer and cleaner like the jar on the right.
Photo: Vince Bucello

3. Feedback

Feedback summary



Public consultation was held between 8 May and 17 June 2025 seeking feedback on the implementation of the RAF.



A broad range of organisations and peak representatives were engaged throughout the consultation process.



Many stakeholders shared their insights and experiences, **offering valuable feedback** on the review of the implementation of the RAF.



Of the 54 individuals who took part in the public consultations, **48 were from LWUs**, demonstrating strong engagement with the sector.



Image: A water tower at a rural treatment plant. Photo: Vince Bucello.

3.1. Who we heard from

In total 54 individuals from 41 organisations participated in the review process through various formats, including an online survey, group feedback sessions, one-on-one interviews and written submissions. This included 35 LWUs (38% of the sector) and 6 external stakeholders, comprising 3 consultants, 2 peak organisations (NSW Water Directorate and Local Government NSW), and one joint organisation. The sample of LWUs who participated in the consultation represented a cross section of regions and sizes. However, larger councils were more heavily represented in the review process, (Figure 2) with participation decreasing progressively with smaller council sizes. Participation also varied by

region with Northern and Southern Region councils demonstrating the highest engagement levels (14 and 13 LWUs respectively, which represented 47% and 37% of all LWUs in these regions (Figure 3). Western Region Councils demonstrated lower participation rates comparatively (8 LWUs, representing 32% of all LWUs in the region).

The representativeness of the participants in relation to the sector differed between the consultation methods. There were 23 responses to the online survey. The larger LWUs, with more than 10,000 connections accounted for over 50% of survey responses, indicating a skew toward larger LWUs in the sample. We targeted a greater range of representation for the feedback sessions and interviews, yielding greater diversity in participation.

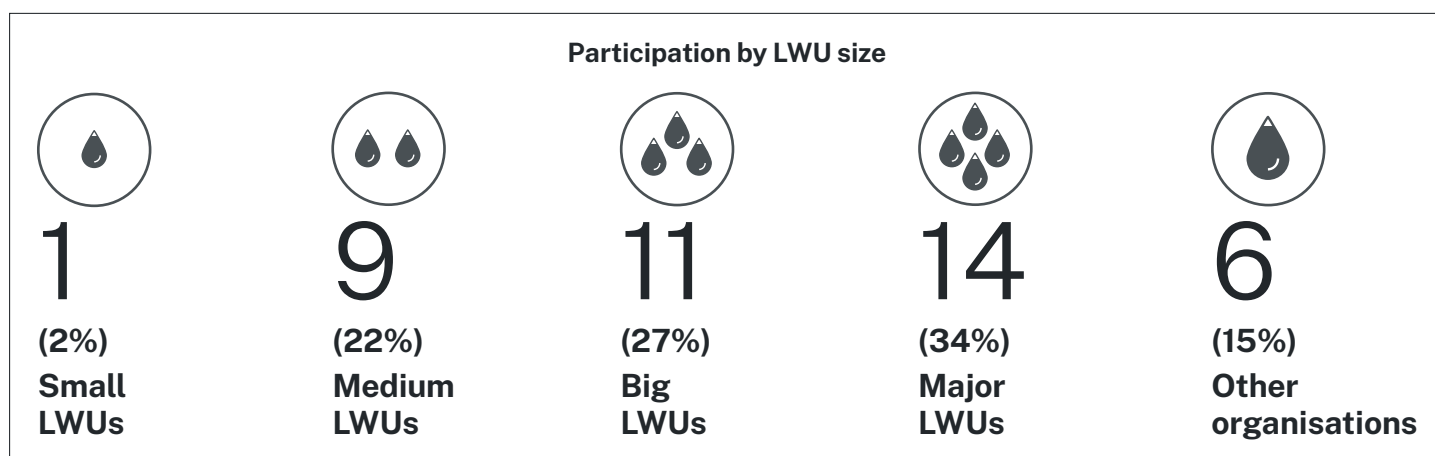


Figure 2. Breakdown of participating organisations by type of organisation. Each organisation was counted once, regardless of how many times they engaged or how many representatives participated.

The graphs use department size groupings rather than the National Performance Report (NPR) scaling. This approach was chosen to ensure that utilities with smaller connection numbers were appropriately illustrated. NSW DCCEEW groupings are defined as Major, 10,000+ connections; Big, 4,000–10,000 connections; Medium, 1,500–4,000 connections; Small, < 1,500 connections. Category “Other organisations” comprises responses from external stakeholders, consultants, 2 peak organisations (Water Directorate and Local Government NSW), and one joint organisation.

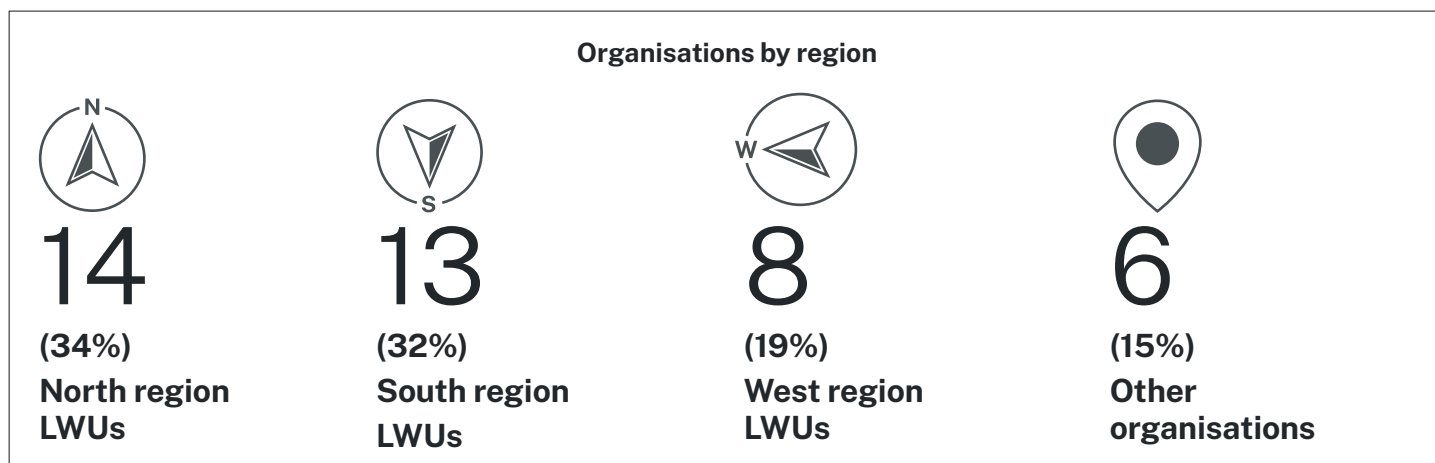


Figure 3. Breakdown of participating organisations by region. Each organisation was counted once, regardless of how many times they engaged or how many representatives participated.

3.2. What we heard

There is support from across the sector for the RAF, although stakeholders reported mixed results in its implementation.

Almost all respondents showed support for the RAF as an improved new regulatory and assurance framework, empowering and enabling LWUs to address risks and strategic challenges effectively and efficiently. In this setting, the RAF's intent and content is seen as 'good', with positive feedback from the sector. However, feedback suggested that the implementation of the RAF was sometimes challenging, both in terms of the department's support in helping stakeholders understand the new requirements, and in how the department interpreted the RAF when considering approvals or assurances. Given this review evaluates the implementation of the RAF, these points of tension were further unpacked in the consultation.

Feedback suggested that implementing the RAF presented various levels of difficulty for the sector, with strategic planning standing out as particularly difficult. When asked about issues with the RAF implementation, more than half of the respondents were aware of sector-wide issues with SPA, and slightly less than half were aware of issues with section 60 approvals and dividend payments (10 out of 23). Fewer saw issues with performance monitoring and reporting (8 out of 23) and inspections (4 out of 23) (Figure 5).

These issues, alongside other themes brought up by the respondents, are explained in more detail under the 5 key themes in the next section.

Despite the low nominal participation in SPA, the feedback received indicates LWUs see strategic planning as a journey, that LWUs are at various stages of implementing strategic planning and that we are likely to see more LWUs seeking SPA results in the coming years. We note that given the lower participation rate of smaller LWUs in the consultation, the feedback collected is likely to represent the experience of larger utilities more accurately than smaller ones.

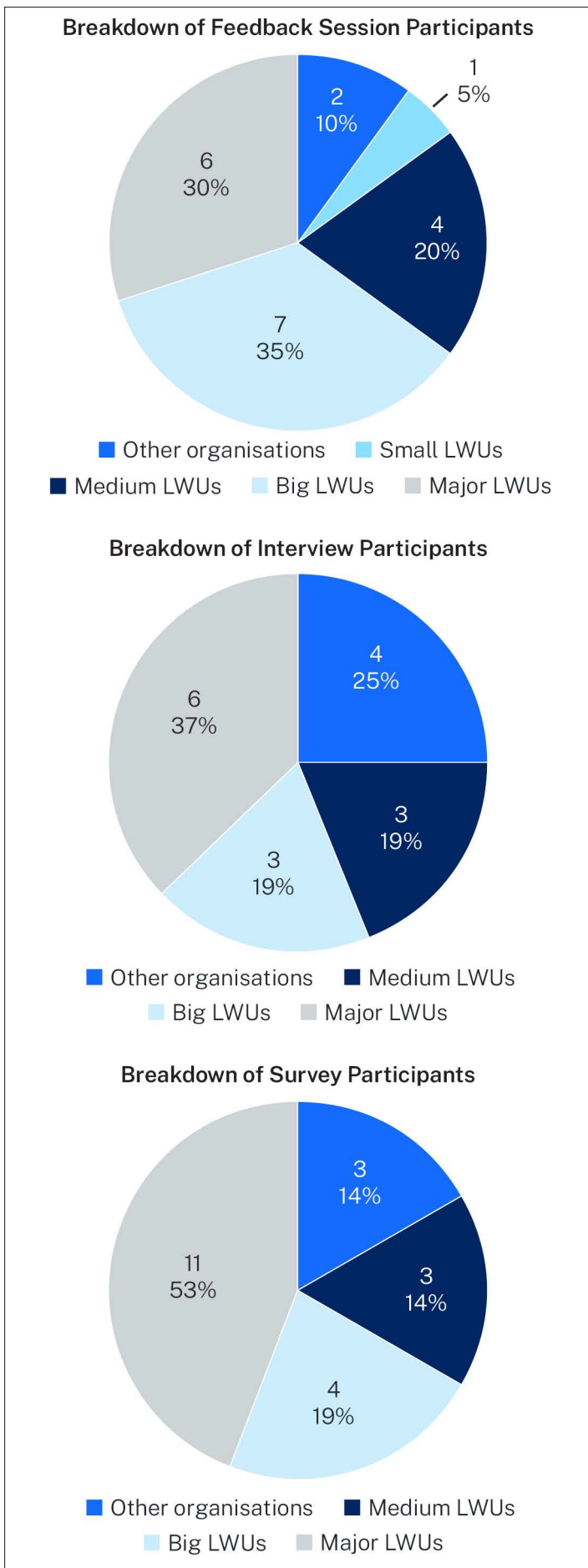


Figure 4. Comparison of participant composition by type of organisation for different methods of consultation: feedback sessions (n=20), interviews (n=16), and surveys (n=21*). * There were multiple submissions from the same organisation, from different respondents.

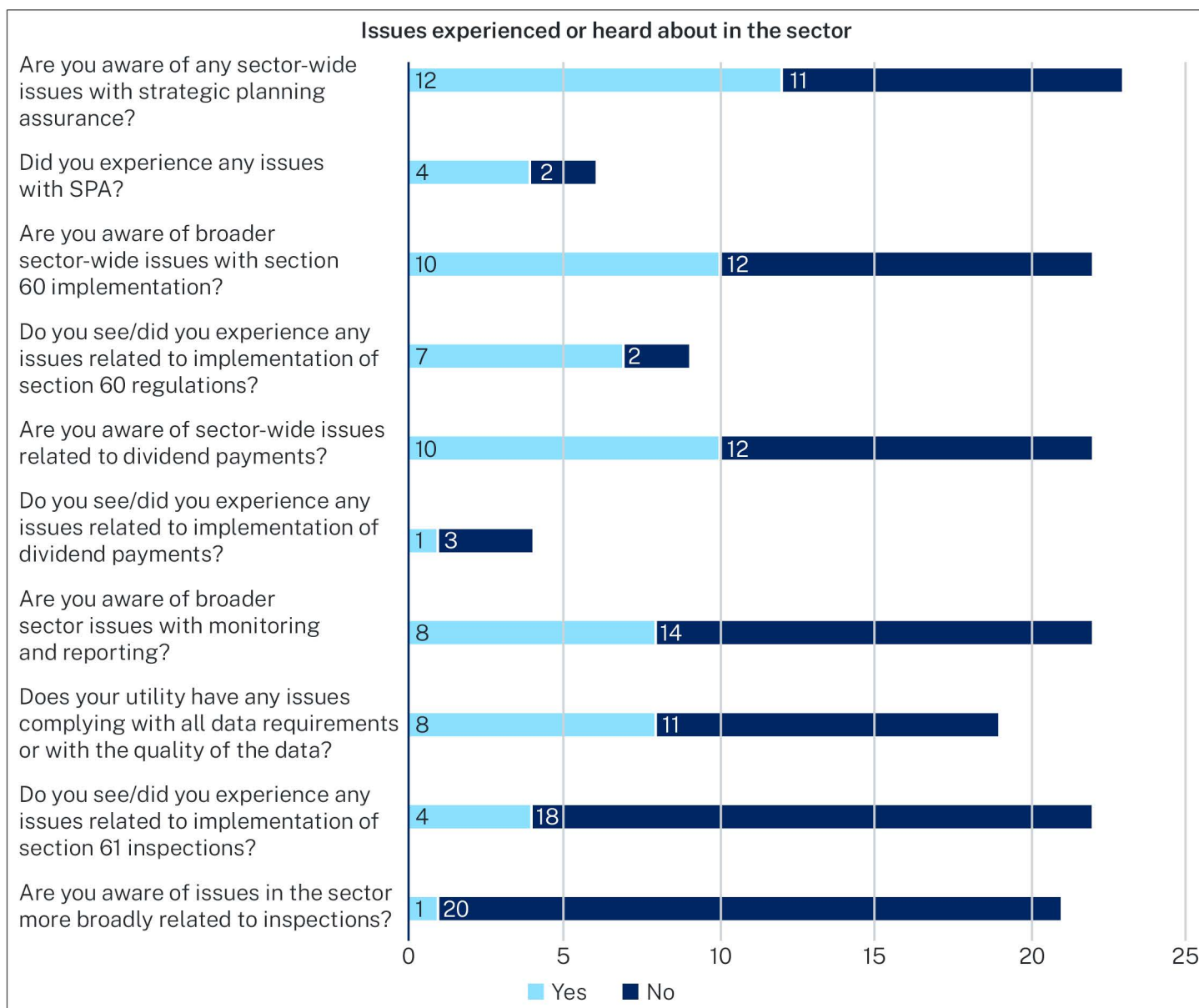


Figure 5. Quantitative survey submission results: Issues respondents experienced firsthand or are aware of in the sector, for different elements of the RAF. There were a total of 23 respondents, however respondents could choose not to answer questions, so totals differ. For questions about experience, a subsequent question was only visible if the respondent selected that they have sought approval/assurance/participated in the process.

The 10 feedback points grouped under 5 key themes, emerged from the consultation process.

Theme 1:	Theme 2:
Drivers for implementation of the RAF	Implementation experience and barriers – strategic planning assurance
Theme 3:	Theme 4:
Implementation experience and barriers – assessing and approving proposed works	Implementation experience and barriers – other sections of the RAF
Theme 5:	
Enablers for the implementation of the RAF and the role of the department	

Further details on each point are provided in the following pages.

Theme 1: Drivers for implementation of the RAF

Feedback point 1 – The primary driver for LWUs to engage with the RAF is its value in defining good practice and for understanding and managing risks.

The RAF is seen as a definition of good practice for strengthening internal planning for LWUs for capital investments and upgrades; decision-making; risk management as well as communicating how a utility is delivering best service according to this agreed standard to a range of other stakeholders (community, councillors, peers).

Other drivers appeared to be less important. This was particularly evident in relation to SPA. Monetary incentives, such as the ability to pay dividends and justify investments to obtain government grants funding were less frequently mentioned. Seeking SPA in the interest of the RAF implementation or public reporting of SPA status was not found to be one of the commonly mentioned drivers.

Feedback point 2 – Most stakeholders are aware of the RAF, but the depth of understanding of its different sections varied.

All LWUs engaged with were aware of the RAF, but in both the survey and interviews we found a varied level of familiarity with its separate sections, with LWUs self-rating as having strong (35%) or moderate (52%) knowledge of the RAF (Figure 6). This variation in the level of understanding depended on a stakeholder's professional role, experience in the sector, and prior involvement in the development of the RAF. Several stakeholders refer to the RAF on an 'as needed' basis, suggesting there is limited incentive for stakeholders to familiarise with the non-mandatory sections of the RAF (i.e. SPA outcomes and associated guidance).

Stakeholders most often commented on what they perceived as the intent of the RAF e.g. simplifying assessment processes and defining 'what good looks like', suggesting this is important to their level of engagement with the RAF. While most of the respondents (78% agree or strongly agree), found the description of the department's role and functions clear in the RAF, the distinction between advisory and regulatory roles is not always clear or consistent with LWUs experience.

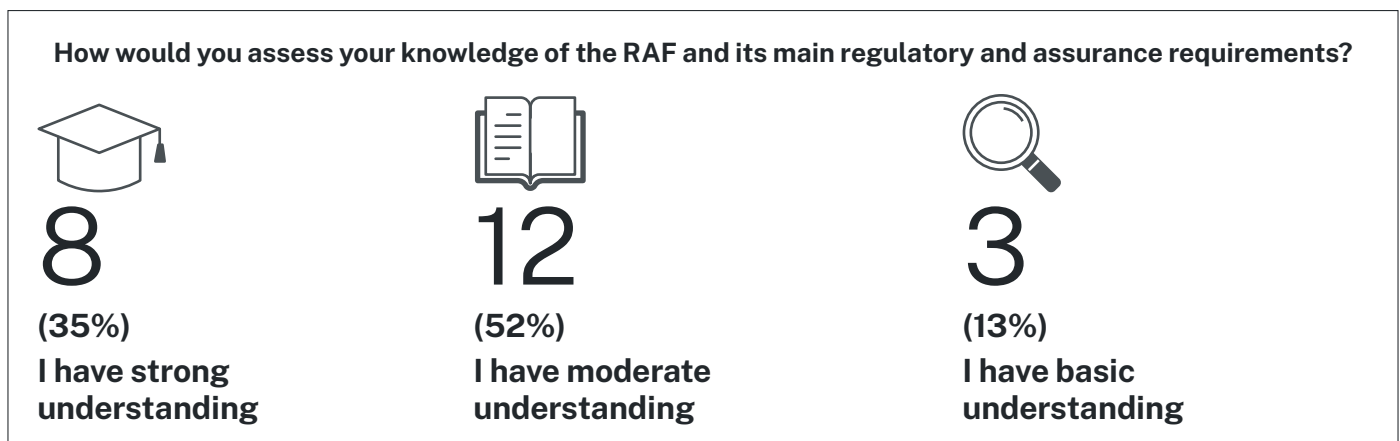


Figure 6. Knowledge of the RAF: Breakdown of responses by level of knowledge from no knowledge ('I was not aware of the RAF prior to this review') to strong understanding. (n=23).

Theme 2: Implementation experience and barriers – strategic planning assurance

Feedback point 3 – The most common barrier to LWUs undertaking effective strategic planning and seeking assurance, is lack of resources, particularly for smaller utilities.

The most reported barrier to strategic planning is a lack of resources (people, time, and budget) within a LWU. The capacity within the sector to meet strategic planning expectations, is limited and varied. Capacity may sometimes be linked to a LWU's size, maturity and associated resourcing. This in turn may influence both the available funding for non-operational activities, as well as in-house capacity and capability of staff to undertake activities such as strategic planning. Given these constraints, many LWUs utilise consultants to outsource elements of strategic planning, which can be challenging due to consultancy market constraints and cost.

Feedback point 4 – The SPA assessment process is perceived as prescriptive and not adaptable to differences between LWUs, contrary to early expectations that the RAF would introduce a more flexible approach to these assessments.

Feedback on the strategic assurance process varied depending on LWU size and maturity. Smaller or less experienced LWUs reported that prescriptive checklists were useful for guiding them through the processes, whereas larger or more mature LWUs preferred a more flexible and outcomes-based assessment process. In general, sector feedback suggests the concerns with the SPA assessment process are not with the framework itself, but with how assessments are conducted. Assessments are often perceived as reverting to rigid, tick-box methods rather than being tailored to what is most fitting for the LWU.



Image: Mulwala canal at Finley. Photo: Vince Bucello.

Feedback point 5 – LWUs recognise effective strategic planning for water and/or sewerage services is inherently complex, however the perception and experience of LWUs is that it’s a complicated and sometimes confusing process to meet RAF strategic planning outcomes and expectations as set out in RAF Section 3.

A number of LWUs said that the outcomes and expectations associated with effective strategic planning should capture risks and reflect the complexity of proper management of water services in regional NSW. However, many LWUs, even those who have not participated in SPA, perceived it to be overwhelming to try and meet all 12 strategic planning outcomes and 106 expectations as outlined in the RAF and associated guidance. Obtaining a SPA assessment is viewed as resource intensive due to the extensive list of expectations; volume of evidence required; lack of confidence in what other strategic documents could be used, and the length of associated guidance materials.

The RAF guidance documents are viewed as helpful by the sector (Figure 7), and strategic planning outcomes are considered reasonable, however there is a lack of clarity within the sector on how to utilise section 3 of the RAF effectively. The relationship between strategic planning guided by RAF outcomes and the assurance assessment process is not clear. LWUs reported they were uncertain on how to begin addressing gaps to meet and demonstrate the strategic planning expectations under the RAF and how to use existing documents as evidence in the assurance assessment process. Some LWUs feel that there was a lack of integration of SPA assessment process with the IP&R framework. Some stakeholders suggested the use of other existing documents and systems (e.g. ISO 55000) to demonstrate assurance and to avoid duplication of processes.

To date, no LWUs have successfully attained SPA under section 3 of the RAF, by completing the initial assessment. Instead, those with an assurance result were transitioned based on previous assessments under the now retired BPM framework. As a result, we are limited in reporting on case studies, success stories and lessons learned in this area. In contrast, we did hear from LWUs who participate in SPA assessment through annual check-ins. These LWUs reported lengthy assessment periods as well as multiple RFI requests.

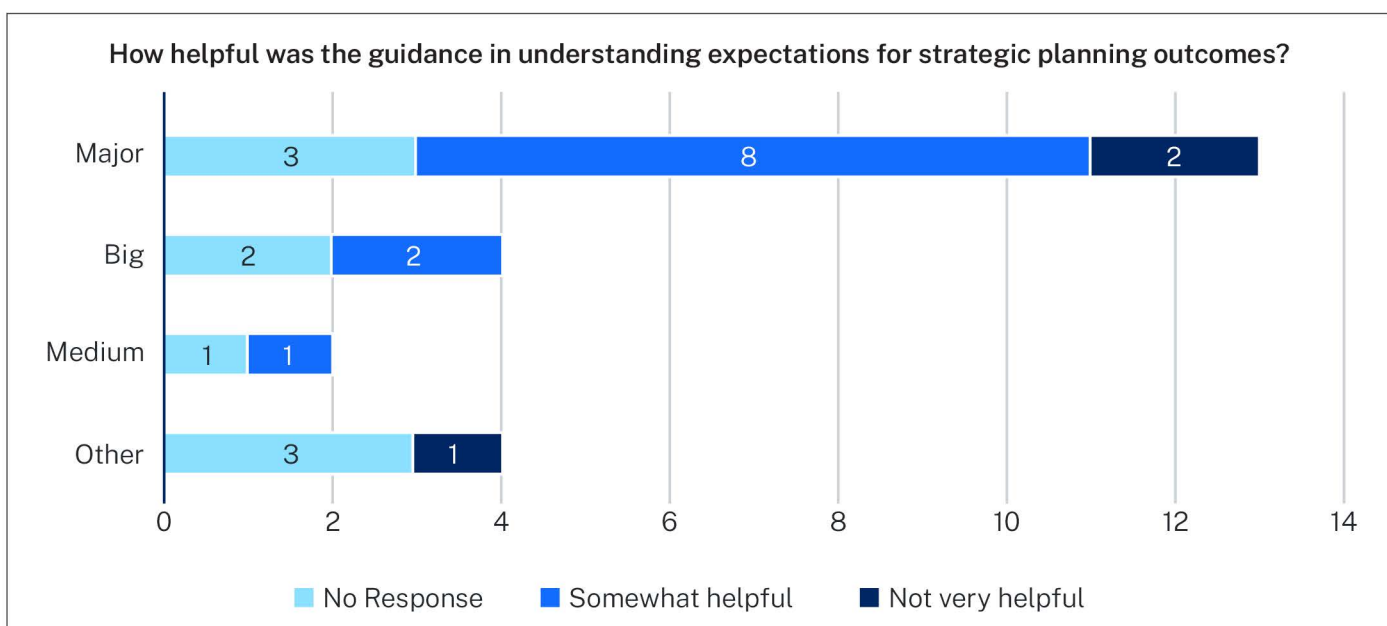


Figure 7. Helpfulness of SP guidance (n=23).

Feedback point 6 – There has been an increased sector-wide focus on strategic planning, supported by funding under the Safe and Secure Water Program (SSWP). However, this has also contributed to a perception of a lower transition to SPA under the RAF, as many SSWP funded projects were developed using the now retired BPM framework.

Many LWUs utilised the SSWP funding to undertake strategic planning and are thus guided by the now retired IWCM strategy framework and checklist that formed part of the retired BPM guidelines that were replaced by the RAF, ‘locking’ LWUs into ‘old ways’.

Some LWUs felt that using the now retired BPM framework and the associated IWCM checklist as a pathway creates a useful stepping stone to continue towards SPA under the RAF, noting that a gap analysis is required for this transition.

Some utilities stated that they may consider applying for SPA in the future. This suggests that it may still be too early to assess how effectively the RAF is being implemented in relation to strategic planning, and particularly in terms of how LWUs are using Section 3 of the RAF to improve the quality and effectiveness of their strategic planning.

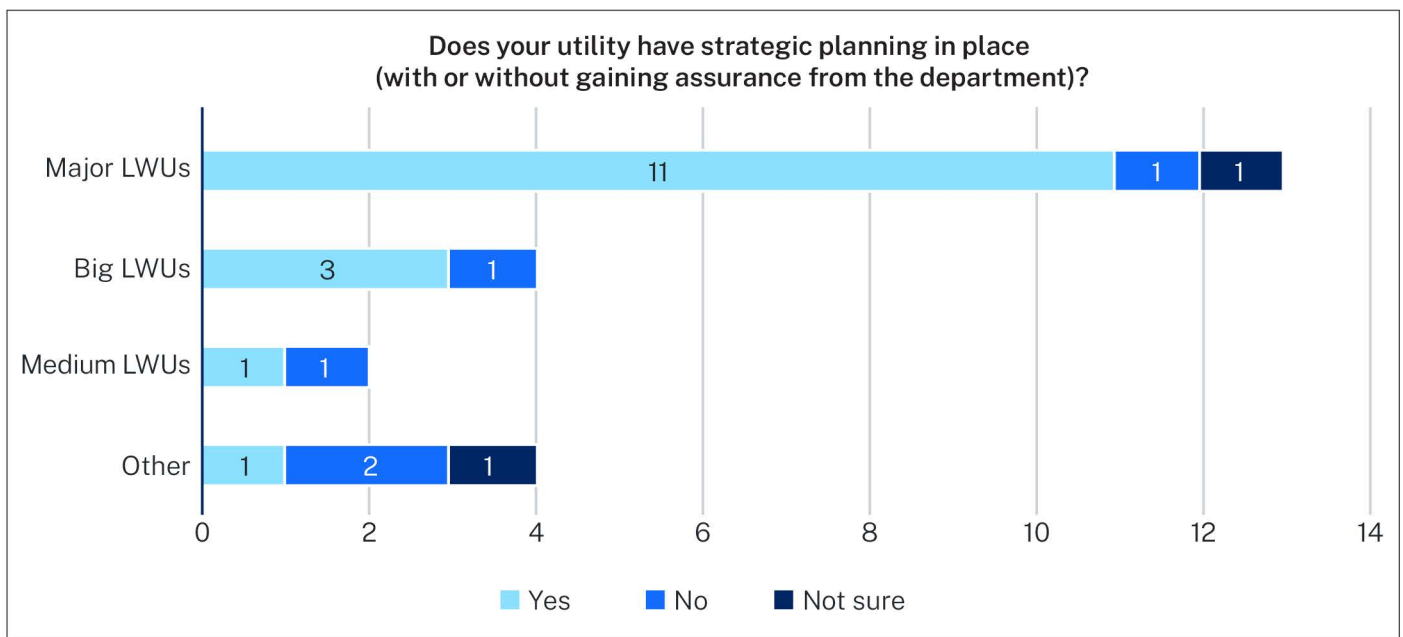


Figure 8. Strategic planning progress, regardless of SPA status, for different LWU sizes (n=23). Self-assessment.



Image: Finley water treatment plant. Photo: Vince Bucello.

Theme 3: Implementation experience and barriers – assessing and approving proposed works

Feedback point 7 – The sector acknowledged that transparency around infrastructure approvals has improved. However, stakeholders also said that the process could still be refined, and that the scope of assessment should be more clearly defined.

LWUs noted improvement to the section 60 assessment process since the implementation of the RAF, finding it to be more transparent and less subjective.

Several LWUs noted some aspects of the section 60 approval process that could be improved in relation to clarity around the scope of the assessment and approval for Design and Construct (D&C) projects. Some stakeholders claim the department attempted to assess elements that they see as not clearly articulated in the RAF, as within the scope of a section 60 assessment, such as environmental impacts and sizing of plants.

Some LWUs noted uncertainty around when to seek infrastructure approval. Both earlier and later applications were noted as having risks. Applications early in the design process can provide certainty but may not have sufficient detail required for approval. Applications later in the process, when design detail is known, presents a risk to project delivery if not approved. This is particularly relevant for Design and Construct (D&C) contracts, where the design of works to be constructed are not known before a utility enters into a contract. Some utilities noted this conflict can result in reduced opportunity for innovation and project improvements. The department notes this feedback and has sought to streamline the approval process where the scope of a project changes after receiving approval. This also highlights the need for further education on the current process, where section 60 approval can be sought at different stages of the project.

Feedback point 8 – LWUs expressed that assessing and approving proposed works, which often involves multiple rounds of information requests, results in delays to critical infrastructure upgrades.

LWUs viewed seeking section 60 approval as a risk for an efficient and timely upgrade and renewal of critical assets. Despite seeing the improvement in a 60-day timeline for a section 60 approval, some participants felt that the level of scrutiny of the assessment and time to complete an approval is an issue, with re-submission engagement not effectively mitigating the need for multiple requests for further information.

Stakeholders noted that there are no real consequences (i.e. financial) for not seeking a section 60 approval. Some noted that the only incentive for the sector to comply was “doing the right thing”.



Image: Inside a water treatment plant in regional NSW. Photo: Vince Bucello.

Theme 4: Implementation experience and barriers – other sections of the RAF

Feedback point 9 – Some stakeholders were concerned that the performance reporting process takes significant effort but offers limited value, especially for smaller utilities that lack the capacity to make use of the performance data. LWUs noted generally positive experiences with the implementation of the other sections i.e. for LTW, dividend payments, and inspections.

In relation to performance monitoring and reporting, LWUs expressed frustration with the extent and burden of the performance reporting load but noted positive change with the recent review. Some stakeholders noted concerns over value versus effort of the reporting process, and sector inequality with smaller utilities not being able to capitalise on or leverage the opportunity from having performance monitoring data available.

In relation to other sections of the RAF, some utilities expressed their concern regarding dividend payment diversions from water services, noting that payment of a dividend is not mandatory.

Most of the feedback regarding inspections is positive, however a few issues were raised around the clarity of the scope of inspections and how they help to reduce the risk for LWUs. Some respondents noted the low number of LTW officers is likely indicative of poor compliance in the sector. Some said they are seeing positive and welcome change in how they collaborate with the department.



Image: A bird's eye view of a water treatment plant in regional NSW.

Theme 5: Implementation experience – enablers for the implementation and the role of the department

Feedback point 10 – LWUs value the improvements in their interactions with the department, which have been driven by the guiding principles introduced in the RAF. They also acknowledge the department’s advisory and support role as an enabler in the implementation of the RAF. However, LWUs feel that some of the principles, of being outcomes-focused and proportionate in the department’s regulatory and assurance assessment role, are not consistently applied in practice.

Dealings with the department was an important and reoccurring topic regarding the implementation of the RAF.

The guiding principles in [section 2.2 of the RAF](#) outline how the department makes decisions, engages with LWUs and conducts its regulatory, assurance, and oversight functions. In the survey more than half of stakeholders agree or strongly agree (Figure 9) that the department follows most of these principles.

However, 60% of respondents disagree or strongly disagree that the department has a “focus on outcomes and being flexible and proportionate in our approach” in relation to the RAF.

While the RAF was intended to move towards outcomes-based and flexible approach in relation to regulatory assessments and SPA, some participants felt the process had reverted to old checklist-style practices, with excessive requests for information and prescriptive interpretations. This approach was seen as undermining the intent of the RAF and creating bottlenecks for LWUs.

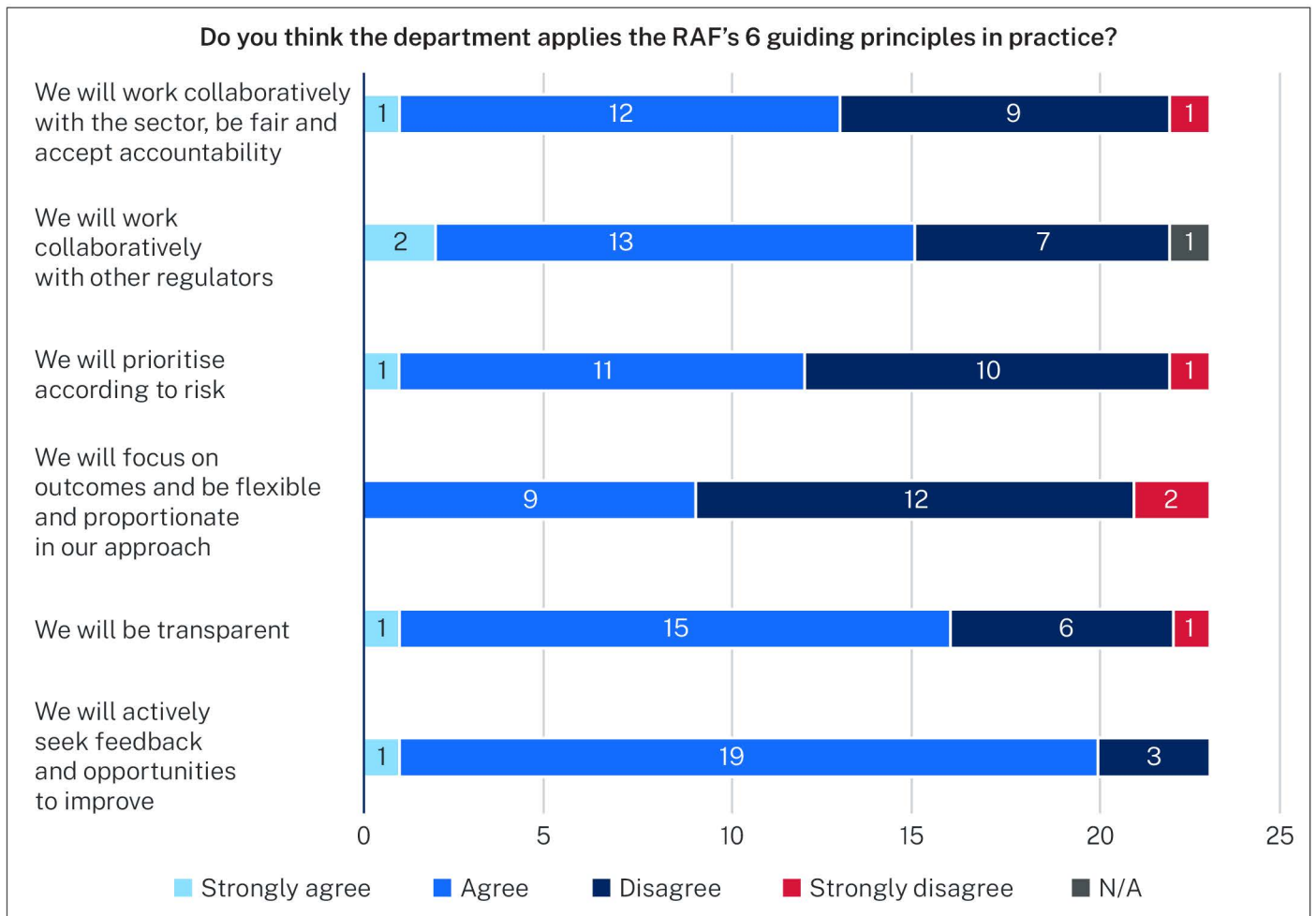


Figure 9. Guiding Principles survey responses.

4. Next steps

This report presents feedback gathered during the RAF Implementation Review consultation process, and forms part of the department's commitment to regular reviews of the RAF. The department values the wide range of perspectives shared and appreciates the range of differing viewpoints provided during the consultation. The diverse feedback recorded in this report;

- gives context to the RAF compliance and participation rates
- provides evidence of how well the RAF has been implemented so far
- identifies barriers to RAF implementation and opportunities for improvement.

It also highlights the diversity of the sector itself, and that each LWU's unique circumstances influence their interest in, and ability to comply with regulatory requirements and expectations under the RAF.

This report forms part of broader efforts to support the implementation of the RAF. The department aims to ensure the implementation of the RAF empowers LWUs to manage risks, and provide services effectively and strategically. Accordingly, this report will inform further efforts to remove barriers to participation in SPA and compliance with regulatory requirements. Additionally, and consistent with LWU sector objectives, it will also ultimately inform improvements to ensure LWUs continue to provide water and sewerage services effectively and strategically for their communities.

This review consists of 2 phases.

The current, first phase of the review (February 2025 – December 2025), focused on understanding how well the RAF has been implemented. This report concludes Phase 1 by noting challenges to the successful implementation of the RAF and highlighting opportunities for improvement.

The second phase of the review (October 2025 – December 2026), will further consider the range of feedback from the sector and explore solutions to the feedback points and identified issues. This work will include prioritisation and further investigation of the issues identified through external consultation, exploring options for resolving the most pressing issues identified, implementation of solutions through trial and evaluation of improvements to internal processes, and the development of educational resources and additional tools to support LWUs.

In planning the implementation of solutions, we will consider synergies with other projects that are already seeking to resolve these issues within the department, feedback from the sector, and any existing mechanisms for continuous improvement we already have in place.

Given the extensive feedback received on the implementation experience, in relation to approvals and assessment of proposed works (Theme 3) and Strategic Planning Assurance (Theme 2), Phase 2 will first focus on section 5 of the RAF, and investigate improvements to the section 60 assessment process and supports. Following this, and informed by the outcomes of the investigation being undertaken in the response to the NSW Productivity and Equality Commission's Review of Funding Models for Local Water Utilities, we will focus on issues related to strategic planning, and in the implementation of section 3 of the RAF (SPA).

We will work with LWUs to ensure they have a stronger understanding of the RAF, and to improve the processes, education and guidance that support its implementation.

The next review (2027) will evaluate the full suite of relevant regulatory documents linked to the RAF. This review is scheduled to occur at least once every 5 years, from the launch of the RAF in 2022.

5. Appendices

5.1. What we heard: in detail

This section provides more detail about the feedback we received during the review. It summarises input from interviews, surveys, feedback sessions and written submissions. Please note this is not a summary of findings, and the text may contain views that are based on individual interpretations of terms and processes, and could reflect confusion on behalf of a respondent, or refer to retired, or former, departmental practices.

Theme 1: Drivers for implementation of the RAF

Sub-theme	Feedback received
1a. What good looks like	<p>The sector generally views the requirements and expectations set out in the RAF as valuable in helping define what ‘good looks like’ in terms of town water services. Some of the feedback from respondents include comments indicating the RAF:</p> <ul style="list-style-type: none">• provides a reference for ‘what good looks like’, helping LWUs understand if they meet the standard of operation, without ‘reinventing the wheel’• comprehensively lists all considerations for a well-run utility• helps to structure thinking around strategic planning• supports ongoing continuous improvement, prompting regular reflection on gaps and areas for improvement in the water services• can help to codify strategic business planning activities.
1b. Managing risks	<p>Feedback from the sector suggests that the RAF is seen as helpful as it:</p> <ul style="list-style-type: none">• strengthens risk identification, documentation, and integration into broader council management systems• increases risk awareness, particularly among newer or junior staff, improving organisational understanding of vulnerabilities• enables LWUs and councils to respond strategically to evolving challenges like water security and climate change by highlighting priority areas that need to be addressed in their strategic planning• supports a long-term view of water and sewerage assets, informed by RAF processes, helping LWUs understand and manage risk profiles• justifies to the general council urgency and need for some policies, e.g. LTW policy and services resourcing by explaining the risk associated with running services with insufficient staff. <p>One of the risks frequently mentioned is a requirement to prioritise investments into renewal or upgrades of ageing infrastructure. Respondents noted RAF helps with mitigating risks but with some caveats:</p> <ul style="list-style-type: none">• parts of the RAF (i.e. expectations for effective strategic planning) support LWUs in prioritising investment to address the ‘infrastructure cliff’ before it impacts service delivery. However, other parts of the RAF (section 60) were viewed as delaying critical upgrades• while RAF supports LWUs in identifying risks, LWUs face challenges in securing resources to mitigate them• the sector’s feedback highlighted that LWUs view themselves as being responsible for managing their own risks. Because of this some stakeholders felt that smaller LWUs may want simple and prescriptive guidance from the department, but this should not come at the cost of each LWU developing their own sound risk management practices.

Sub-theme	Feedback received
1c. Building community trust and supporting water services visibility	<p>Feedback from the sector indicates an understanding that the RAF was developed to demonstrate adherence to best practice and is, at times, used to build confidence with the community, councils and peers:</p> <ul style="list-style-type: none"> • some LWUs use the RAF to demonstrate they are running a professional, well-managed operation and acting in the community’s best interest • other LWUs used it to increase the visibility of water services in the broader council and among councillors, in benchmark performance and thus justify more resourcing • some LWUs noted it gives confidence to stakeholders and the community about long-term strategic direction. <p>However, reputation and community trust were not seen as a direct motivator for pursuing SPA.</p>
1d. Other drivers	<p>Given the sector’s perception that outcomes-focussed expectations on the effectiveness of strategic planning was a distinctive change introduced under the RAF (see sub-theme 2b), some feedback from the sector focused on drivers for seeking SPA. The most common driver for seeking SPA is an intrinsic motivation by the LWU to improve or audit a LWU’s own planning and risk management (sub-themes 1a-1c). Less often mentioned drivers included:</p> <ul style="list-style-type: none"> • undertaking strategic planning by LWUs is seen as a pathway for funding needs and available funding sources, to secure support for critical projects. In these cases elements of the RAF became more of a practical tool, helping to keep projects moving, get government grant funding applications over the line, or to make sure that the department gave the green light to major works, or section 60 approval • for smaller LWUs, the primary motivation is meeting RAF requirements to secure funding for section 60 approvals • for some larger LWUs, SPA result was mentioned as required for dividend payments, prompting councils to weigh the value of compliance against forgone dividends • a perception that strategic planning may be timed to coincide with funding applications or approvals, reducing the ongoing burden of maintaining SPA on an annual basis.
1e. Levels of RAF knowledge	<p>Given that low awareness of the RAF may be a barrier to implementation of its different sections, we sought evidence of the level of the RAF’s understanding in the sector. Overall, we heard that:</p> <ul style="list-style-type: none"> • RAF knowledge varies widely, with many LWUs having only working or basic familiarity, often learned on an as-needed basis • smaller LWUs with limited staff capacity tend to have lower awareness and less capability to engage deeply with the RAF • some stakeholders, including those involved in the RAF development or advisory panels, have a very strong and detailed understanding • for many, the RAF’s length and complexity make it challenging to work through, compared to the earlier processes it replaced • RAF awareness among councillors is typically low and often dependent on education or advocacy from LWU staff • consultants, peak bodies, and specialist advisors often hold high RAF knowledge, sometimes exceeding that of LWU staff.

Sub-theme	Feedback received
1f. Perceptions of RAF intent and purpose	<p>The feedback from the sector often reflected different interpretations on the intent and purpose of the RAF. This suggests LWUs consider these interpretations when engaging with the RAF and use them as a lens to assess the value of implementing it. The sector generally reflected positively on why the RAF was created. The perceived intent of the RAF was:</p> <ul style="list-style-type: none"> • to simplify and clarify the department’s regulatory, advisory, and funding roles • to replace a complex suite of documents with a single, outcome-focused and flexible framework, i.e. to support LWUs in demonstrating effective strategic planning while allowing flexibility in approach • to serve as a clear guide to ‘what good looks like’, helping LWUs identify key risks and manage them effectively • to make section 60 approvals more transparent and less subjective • to address the identified regulatory gaps in the department’s oversight planning for water infrastructure in NSW (in response to NSW Audit Office 2020 report).
1g. Perceptions of Department roles and responsibilities	<p>From the feedback, there were mixed views on how clearly the department’s roles and responsibilities are set out. Some LWUs saw the RAF clearly outlining the department’s regulatory, funding and advisory roles. Others still found it confusing.</p> <ul style="list-style-type: none"> • this distinction, especially between regulatory and advisory roles, was a recurring theme in LWUs’ responses • there was an expectation the RAF would promote ‘less prescriptive regulation’, but the implementation of the RAF has failed to deliver on this and the regulatory and advisory roles are becoming blurred in practice.
1h. General: RAF content versus implementation	<p>LWUs praised the RAF for its intent and content. However, when it came to its implementation, experiences were mixed, with many pointing to issues regarding how the RAF is applied, interpreted and supported by the department:</p> <ul style="list-style-type: none"> • respondents praised the RAF’s intent, philosophy, and outcome-based approach • LWUs generally view the RAF’s supporting documentation (i.e. guidance on strategic planning outcomes) as strong, with issues arising from how it is applied in practice i.e. how it translates into specific evidence requirements • LWUs concluded that implementation issues are more about departmental processes than the RAF framework itself • engagement during development of the RAF created early optimism, but in the view of some respondents the delivery did not match expectations • respondents saw implementation, i.e. the department’s interpretation of the RAF in terms of regulatory and assessment processes for approval, reverting to older, more rigid practices despite the RAF’s intended more flexible approach • the implementation of the RAF by the department was sometimes seen as impacted by lack of resources and was inconsistent • the transition to the RAF, i.e. helping the sector understand the new requirements, was sometimes viewed as not supported enough. LWUs felt well-informed about the RAF’s purpose but were left to navigate practical applications largely on their own • smaller LWUs noted the department’s interpretation of the RAF regulatory requirements and strategic planning expectations is not what LWUs would see as proportionate to their scale and capacity.

Theme 2: Implementation experience and barriers – strategic planning assurance

Sub-theme	Feedback received
2a. LWU Internal Resourcing	<p>The respondents quoted a lack of resources (people, time and budget), as the most common barrier to not putting in place strategic planning, and receiving assurance as set out in section 3 of the RAF. They explained that:</p> <ul style="list-style-type: none">• many LWUs lack in-house capability for strategic planning, with some not even having a dedicated water and sewer engineer• smaller LWUs with lean teams face challenges, as resourcing strategic planning work competes with day-to-day operations• even larger LWUs sometimes struggle with balancing workload in their teams to meet deadlines. We heard of a LWU actively doing strategic planning guided by section 3 of the RAF but falling short of attaining a SPA result as the team did not have capacity to complete it in time• having a dedicated role for strategic planning can be the critical enabler as we heard from one LWU who convinced their council to adjust water charges to resource additional staff.
2b. Outsourcing SPA	<p>Consultants play an important role in filling capability gaps, however feedback suggests that there are challenges across the sector when this option is pursued:</p> <ul style="list-style-type: none">• LWUs rely on consultants to bridge resource gaps, but sourcing available, suitably qualified specialists with RAF knowledge and experience is challenging• consultant costs can sometimes be excessive or out of proportion to the size of the utility and availability can be poor, especially during busy periods• the use of consultants and resulting costs doesn't always align with budget cycles• the use of consultants doesn't always alleviate the demand on LWUs with work required to be done to make data and other information available, as well as oversee the activities of the consultant• in some instances, poor consultant quality or lack of commitment has required LWUs to redo work in-house, compounding costs and delays.
2c. LWU maturity and size	<p>LWU size and maturity were quoted as important considerations for how strategic planning under the RAF can be implemented. Specifically, respondents noted that:</p> <ul style="list-style-type: none">• smaller LWUs may have lower capacity to do strategic planning in-house• LWUs noted the RAF applies the same expectations to all LWUs, regardless of maturity, size, or existing capability• larger, more mature LWUs feel constrained by 'prescriptive requirements' that add little perceived value to existing practices• smaller or less mature LWUs may benefit from the structure of the RAF but need more practical tools and techniques to implement it effectively• the intended approach of the RAF to allow for LWUs to demonstrate meeting requirements/expectations in their own way is seen as reverting to a 'one-size-fits-all' process• LWUs voiced a desire for SPA assessment process to consider organisational maturity, scalability, and resourcing differences• for well-resourced LWUs, SPA often becomes a 'box-ticking exercise', as core strategic planning work is already embedded in their operations.

Sub-theme	Feedback received
<p>2d. SP assurance process</p>	<p>While most LWUs understand the intention behind the RAF and the introduction of strategic planning outcomes and the assurance process, they expressed some confusion about how it should be implemented in practice within existing systems.</p> <p>LWUs do not have clarity – at times – on the difference between using strategic planning outcomes to guide their strategic planning and obtaining a SPA result. In discussions regarding strategic planning under the RAF, most LWUs referred to the SPA process. The feedback included:</p> <ul style="list-style-type: none"> • limited departmental guidance on implementation has left many LWUs to devise their own approaches, such as mapping the 12 outcomes to business plans or using checklists as gap identifiers • the SPA assessment process appears opaque from LWUs perspective • there is uncertainty around how much evidence to provide and how to avoid duplication across multiple criteria • the department’s assessment criteria (Sufficient, Appropriate, Robust) are seen as conceptual, with no clear definition of what meets the standard • some LWUs thought that the department has not provided any guidance as to how it will assess emerging asset management technologies that could be used to demonstrate strategic planning. <p>The past experiences of LWUs who attempted to seek a SPA result influenced their concerns about the process:</p> <ul style="list-style-type: none"> • most LWUs have not sought SPA and could not comment from their own direct experience • some LWUs anticipated a high volume of required evidence and paperwork to obtain SPA, given the perceived ‘long list of expectations’, which LWUs found hard to justify given unclear benefits • LWUs who participated in SPA found the evidence requests repetitive or not relevant to their specific context, particularly at annual check-ins • LWUs referenced the fact that very few LWUs have achieved SPA, reinforcing perceptions of limited departmental capacity and reputational risk for LWUs. <p>One of the recurring points of criticism was that the SPA process, developed by the department under the RAF, is a schedule (referred to as ‘checklist’) and goes against the intent of the RAF:</p> <ul style="list-style-type: none"> • feedback noted that the RAF was intended to be less prescriptive than the retired BPM, but it is seen as still operating like a checklist under the current assurance process • the schedule as a perceived ‘checklist’ suggests a one-size-fits-all approach, with mature LWUs in particular, seeking more autonomy in demonstrating outcomes • LWUs face uncertainty when their own approaches don’t match ‘checklist’ wording, even if outcomes are met • respondents noted the more than 500 pages of guidance make the process more onerous rather than allowing LWUs to choose their own path to the outcome • respondents want the RAF to focus on verifying achieved outcomes, rather than what is inferred from guidance that prescribes the exact process and methodology to get assurance.

Sub-theme	Feedback received
<p>2e. Alignment with IP&R</p>	<p>Respondents from LWUs often brought up IP&R framework and its alignment with SPA outcomes. The feedback included:</p> <ul style="list-style-type: none"> • a number of LWUs and peak organisations expressed strong preference for clearer guidance on how RAF strategic planning aligns with the existing IP&R framework. They noted the existence of guidelines developed by Central NSW Joint Organisation (CNSWJO) but not endorsed by the department • many see opportunities to integrate the RAF with current IP&R and asset management systems, to allow LWUs to lessen their reporting burden • some LWUs feel the RAF’s structure doesn’t align well with how strategic planning is already organised in councils • others wondered whether risk management systems such as ISO55000 could be used to obtain SPA.
<p>2f. Transition from SP guided by the retired BPM</p>	<p>Respondents identified that a major barrier to RAF implementation was the legacy of the retired BPM approach for funding approved under the SSWP, and their own long strategic planning cycles:</p> <ul style="list-style-type: none"> • the vast majority of LWUs remain focused on completing Safe and Secure Water Program Stream 2 funded IWCM strategies informed by the retired BPM, delaying strategic planning uptake under the RAF • funding deeds and consultant engagements (often Public Works) have kept LWUs focused on the retired BPM approach rather than transitioning to meeting strategic planning effectiveness expectations as set out in the RAF • the overlap means LWUs often use old guidance (i.e. IWCM checklist), with RAF playing a minimal role until these strategies are complete • some respondents see the strategic planning done under the retired BPM approach as still valuable, refreshing long-term planning, even if it doesn’t follow RAF processes • some believe LWUs undertaking an IWCMS will uplift strategic planning in the sector, which will help with transitioning to strategic planning under the RAF • others think that the available funding for the old IWCMS is locking LWUs into a past approach to strategic planning and undermining RAF implementation • there is confusion about how these strategies guided by the retired BPM map against SPA outcomes, with some expecting automatic assurance and others doing gap analysis • LWUs feel unsupported in addressing risks identified through this work under the RAF, with more focus perceived on compliance than improvement • strategic planning cycles mean SPA uptake may occur during the next scheduled review of these strategies developed through SSWP funding or related documents, and it is too early to evaluate implementation of the RAF now.

Sub-theme	Feedback received
<p>2g. SP outcomes</p>	<p>Interviews, feedback sessions and the survey all asked questions about how strategic planning under the RAF is defined through 12 outcomes and associated questions. However, these were less frequently raised by the respondents in interviews and feedback sessions.</p> <ul style="list-style-type: none"> • in the survey, 2 LWUs indicated they believed they fully met the 12 strategic planning outcomes, with the majority of respondents (n=11) recognising they only meet the outcomes to some degree • asked about which outcomes LWUs struggle to meet, 3 survey respondents quoted 'Understanding water security' and 'Understanding revenue sources' • some respondents explicitly said that the questions listed under the outcomes were very good questions, that any properly functioning utility should be able to answer • undertaking all 12 outcomes at once can be seen as overwhelming and some LWUs advocated for having an assurance assessment process in which these can be achieved in a tiered/staged approach rather than all-at-once model.
<p>2h. Strategic planning assurance guidance</p>	<p>SPA guidance and expectations were commonly raised topics in all formats of consultation. Feedback received included:</p> <ul style="list-style-type: none"> • most LWUs have used the guidance and survey respondents noted they found it useful. Of the respondents, 14 had used the guidance and only 2 had not. Most respondents (n=11) found it somewhat helpful, while 3 said they did not find it helpful at all • some interview participants suggested the 12 guidance documents are too long, complex and not fit-for-purpose, particularly for smaller resource constrained LWUs • many respondents commented on the high number of expectations (106) that are listed in the guidance. Some claimed the 106 expectations are the equivalent of going back to a prescriptive 'checklist' • some respondents believe the guidance materials mostly formalise existing expectations without offering practical implementation advice • the guidance materials assume LWU managers have full control over all aspects of operations, which doesn't always reflect reality • perceived inconsistencies across guidance materials in their style and level of detail, leads to confusion and occasional contradictions • there is an opportunity to position the guidance as a flexible support tool rather than a 'rigid compliance checklist'.

Sub-theme	Feedback received
<p>2i. Perceptions of effective strategic planning in the sector</p>	<p>Some respondents expressed a view that all LWUs have a degree of effectiveness in their strategic planning and the department’s strategic planning status for LWUs does not recognise this:</p> <ul style="list-style-type: none"> • LWUs feel the department assumes LWUs are ‘starting from zero’ if they have not sought SPA, overlooking existing strategic planning and work undertaken to date • some believe that the SPA assessment may not adequately capture the effectiveness of a LWU’s strategic planning. Some feel that passing or failing assurance criteria may not reflect the quality of the decision-making in the LWU, but rather a difference in process or data presentation • respondents expressed the view that strategic planning should be treated as a continuous journey, not a one-off exercise tied to a deadline or ‘checklist’ • some argued that frequent updates to LWUs major strategic documents are impractical due to the significant resourcing and approval processes required. <p>At the same time most LWUs anticipated their strategic planning will become more aligned with the RAF in time and some have discussed gaps they are already working on:</p> <ul style="list-style-type: none"> • LWUs expect RAF adoption and integration to increase over time, especially as their previous strategic planning documents require updating • they anticipate the RAF will become part of business-as-usual practices as their own processes mature • some LWUs are prioritising key elements, such as water security, with other RAF requirements to be addressed in future planning cycles.



Image: Local water utilities are responsible for delivering safe, secure, efficient, sustainable, and affordable water supply and sewerage services. Photo: Vince Bucello.

Theme 3: Implementation experience and barriers – assessing and approving proposed works

Sub-theme	Feedback received
3a. Process clarity and transparency	<p>Feedback from respondents noted improvement to section 60 process post RAF implementation:</p> <ul style="list-style-type: none">• LWUs noted that the section 60 process is now clearer, more structured, and easier to navigate than before the RAF• the move to a defined, step-by-step process has reduced subjectivity compared to the old discussion-based approach. <p>Despite improvements, some LWUs expressed confusion about which departmental team to engage with at different stages.</p>
3b. Approval scope and scrutiny	<p>The scope of section 60 and level of scrutiny in assessment was sometimes contested:</p> <ul style="list-style-type: none">• some respondents reported uncertainty over what works require section 60 approval, with interpretations varying across projects• some respondents believed section 60 is being applied beyond its intended scope and with unnecessary level of scrutiny, adding unnecessary effort and delays, translating to increased project costs and risks to the community• this extended scope, in the respondents' view, included the department reviewing environmental impacts and plant sizing outside core approval needs• some LWUs felt design preferences and right-sizing decisions were preferred by the department, without due regard for local circumstances and operational realities• in the experience of some, a pre-submission meeting did not mitigate against multiple RFI requests.
3c. Timelines for approval	<p>The RAF introduced a 60-day timeline for section 60 approvals and the feedback from the sector indicated:</p> <ul style="list-style-type: none">• many LWUs appreciated the improvement in having a 60-day timeline for approvals• some respondents reported that the time it takes to complete an approval is still an issue, as approval processes can be paused by the department or withdrawn by the LWU, following department's advice, undermining confidence in meeting stated timelines• respondents reported that in their view, delays were caused by lack of, or unclear communication between teams within the department, and that this resulted in confusion for the LWUs regarding whose advice to follow. LWUs were also confused due to multiple rounds of questions and requests for further confirmation.
3d. Design and construct projects	<p>Respondents claimed there is uncertainty regarding section 60 application in relation to design and construct (D&C) projects. Feedback suggests that:</p> <ul style="list-style-type: none">• some respondents indicated that they see a lack of clarity around the optimal timing and readiness thresholds for submitting section 60 applications under the RAF, with early or late submissions both carrying risks: of the approval not being granted or delayed due to insufficient detail or of the department not approving/endorsing a design at a later project stage• respondents viewed the current process as not flexible enough, with no option for preliminary or conditional approval, creating financial and contractual risks for the LWUs further along the contracting stage.

Sub-theme	Feedback received
3e. Non-compliance	<p>The consultation included one interview with a LWU where it could be inferred that a LWU did not seek section 60 approval at the time of project construction/upgrade. The respondents also indicated that:</p> <ul style="list-style-type: none">• LWUs see minimal enforcement power for section 60 so compliance is sometimes driven by goodwill rather than fear of penalties• LWUs generally comply as part of the mantra of being a ‘good operator’, but complex and confusing processes may reduce the level of adherence• some LWUs expressed a view that the department sees itself as carrying reputational risk, but they thought that ultimately LWUs are the risk owners of faulty infrastructure and services.



Image: As part of the water treatment process, raw and treated water must be kept separate.

Theme 4: Implementation experience and barriers – other sections of the RAF

Sub-theme	Feedback received
4a. Performance monitoring and reporting	<p>In relation to performance monitoring, the feedback suggested that:</p> <ul style="list-style-type: none">• while LWUs understand the value of tracking their performance, many expressed frustrations with the extent and burden of the performance reporting load• while there has been some streamlining of the data being requested (in the recent indicators' review), more would be welcomed• the process is seen as resource intensive and therefore needs specific planning and allocation of people and time within the LWU• some stakeholders thought smaller utilities could not capitalise on or leverage the opportunity from performance monitoring data• some LWUs felt that the scope of the data requested was broad and could not always be measured or captured (e.g. how many rainwater tanks)• to help facilitate such processes and in recognition of the role that data can play at a LWU or council level, greater emphasis is now being placed on the rollout of local data gathering programs and data analysis technology• duplication of requirements across agencies (e.g. EPA) and needing to follow reporting cycles that aren't aligned (e.g. being required to report data to the department a month after reporting to the EPA) raised questions about the overall benefit of performance monitoring and reporting.
4b. Dividend Payments	<p>In relation to dividend payments,</p> <ul style="list-style-type: none">• LWUs did not make specific references to the RAF, apart from its link to SPA status• LWUs sometimes expressed their concern about dividend payments allowing the funds to be diverted from the water services• some LWUs were concerned that the model for transferring money from water operations into a council general fund may be a barrier to the regionalisation of LWUs.
4c. LWU inspections	<p>LWUs reported good experiences with onsite inspections noting:</p> <ul style="list-style-type: none">• LWUs value onsite inspections that are collaborative, with inspectors who understand site history and local context• regular visits and open conversations help identify emerging risks early and support proactive improvements• positive relationships with inspectors foster trust and constructive engagement. <p>However:</p> <ul style="list-style-type: none">• inspections work best when approached strategically, linking site observations to broader treatment plant improvement plans• respondents feel the regulatory function of inspections is weakened by inspectors balancing both advisory and compliance roles• overlap with other regulators, such as the EPA, can create uncertainty about roles and responsibilities during inspections.

Sub-theme	Feedback received
4d. Liquid Trade Waste	<p>LWUs did not make many comments about concurrence for approval for LTW discharges but noted:</p> <ul style="list-style-type: none">• LWUs are under-resourced for LTW management, lacking dedicated officers for approvals and inspections• awareness of RAF coverage regarding LTW varies, with LWUs learning of its applicability during peer discussions• LWUs feel their expertise in LTW assessments is undervalued, with concurrence expectations seen as unreasonable at times• LTW guidelines received praise, and a suggestion was made they could serve as a blueprint for other guidelines in the RAF• relationships with the department's LTW team are improving, with more collaborative engagement emerging.



Image: Every local water utility faces unique challenges and risks, including too much or not enough rainfall.

Theme 5: Implementation experience – enablers for the implementation of the RAF and the role of the department

Sub-theme	Feedback received
5a. Positive engagement	<p>Respondents from the LWUs praised the interactions with the department with feedback indicating that:</p> <ul style="list-style-type: none">• some LWUs recognised the role of the department in supporting RAF's implementation. Some claimed, for example, that direct engagement with department officers often provides more practical value than relying solely on the written guidance• inspections and pre-approval discussions are highlighted as examples of positive experiences spanning advisory and regulatory functions• departmental staff working on the ground are valued as partners and effective conduits between LWUs and the department• some LWUs explicitly appreciated the department's openness, flexibility and commitment to collaborative problem-solving• working relationships with the department have improved because of the shift from a directive to a consultative approach.
5b. Areas for improvement	<p>Feedback from the sector suggests that the department could support the implementation of the RAF better if there was more departmental internal alignment. From LWUs' perspective and experience, it seems that:</p> <ul style="list-style-type: none">• while most department staff work collaboratively, a minority still revert to 'old ways of working', creating resistance to change by maintaining overly prescriptive, checklist-driven practices' despite the RAF's intended flexibility• Sometimes more coordination between teams within the department could reduce information needing to be re-shared and re-stated by LWUs and the risk of conflicting advice• some LWUs perceived that in general the department's processes were outdated and did not easily support collaboration. For example, some respondents described the approval process as a 'black box' with limited visibility on what happens next or when decisions will be made• While the collaboration between the department and other state regulators has improved, some thought it could be further improved to reduce reporting and oversight duplication.
5c. Departments resourcing	<p>Feedback from some LWUs perceives the department as having a large volume of work relative to its perceived current capacity and a high turnover rate. This was identified as one of the barriers to implementation of the RAF:</p> <ul style="list-style-type: none">• in some LWUs' view, the department's resourcing challenges mirror those of LWUs, limiting its ability to tailor advice and prioritisation to individual LWUs• some LWUs expressed concern about whether the department can effectively undertake SPA assessments with the current staff numbers, given the length of the current process• some LWUs observed frequent staff turnover which forced them to repeatedly re-brief new contacts and may disrupt continuity of the projects.

Sub-theme	Feedback received
<p>5d. Enablers</p>	<p>While LWUs approach the RAF from different starting points, a mix of tools, advice, and support has helped make the process more manageable.</p> <p>This section covers what’s worked for respondents so far, as well as areas where further support could make a real difference:</p> <ul style="list-style-type: none"> • support and advice, i.e. ‘support on the ground’ from the department has been praised as a key enabler • LWUs manage workforce capability for RAF-related work in different ways, ranging from those that have dedicated staff for strategic planning, to others that rely on just a handful of people, or even a single person. The RAF is also being used to build up skills and understanding across teams • some LWUs saw the department as taking a more active role in supporting workforce capability • LWUs that have developed templates, toolkits, or mapping guides to help line up with existing processes, like IP&R, find it easier to work through and apply the RAF. Instead of starting from scratch, enabling educational resources help LWUs figure out where things overlap, where the gaps are, and how to show they have already covered certain RAF requirements • LWUs get more value out of the RAF by having simple, accessible ways to build understanding, such as through internal training, tailored slide decks, or tapping into department-run webinars • respondents talked of the role of regional collaboration and peak representative bodies in implementing the RAF • based on feedback, consultants play a role by both providing specialised services, and acting as a stop-gap measure for under-resourced LWUs.



Image: The department, along with other local water utility regulators, oversees and supports local water utilities in their delivery of water supply and sewerage services to their communities.

Department of Climate Change,
Energy, the Environment and Water

