

08 July 2024

Hon. Troy Grant  
Inspector-General of Water Compliance  
Department of Climate Change, Energy, the Environment and Water  
GPO Box 3090  
Canberra ACT 2601, Australia

### **Independent assurance review: IGWC self-assessment of regulatory maturity**

Dear Inspector-General,

I am writing to you as I have now completed and can report the findings of my review.

#### *Scope of the assurance review*

IGWC required assistance from an appropriately qualified and experienced regulatory professional with knowledge and experience with the AELERT MRIT to:

- conduct an independent verification of IGWC's 'Modern Regulator Improvement Tool – Final self-assessment report, 3 January 2024'; and
- provide guidance around how future self-assessments could be better targeted in light of the Inspector-General's unique roles and responsibilities.

#### *Independent verification*

The IGWC should be commended for its commitment and leadership in:

- completing this initial self-assessment of its regulatory maturity, especially so early since its establishment and knowing that the maturity ratings were likely to be low;
- deciding to have the self-assessment independently assessed, as part of a quality assurance and continuous improvement processes; and
- making both the IGWC summary of its self-assessment and this independent assurance report publicly available, as part of accountability and transparency processes.

I make the following key observations of the IGWC self-assessment and use of the MRIT:

- the IGWC self-assessment and use of the MRIT, when compared to other regulatory agencies, is at the most thorough, detailed, and rigorous end;
- some of the maturity attributes do not naturally align with the unique regulatory oversight role of the IGWC, compared to the more operational regulatory agencies;
- the self-assessment ratings and results of the IGWC were appropriate and realistic;
- the self-assessment ratings and results of the IGWC were however conservative, sometimes extremely so, to this end:
  - two attributes, namely '*Problem solving approach*' and '*Risk based compliance planning*' could immediately be moderated up to the next level of maturity; and
  - three attributes, namely '*Learning with others*' and '*Activity and visibility*', and '*Performance reporting*' could immediately be moderated up half a level of maturity (if IGWC was inclined to have hybrid ratings, that spanned adjacent levels); and
  - the remaining seven attributes are well placed to progress to the next level of maturity at the next assessment, if effort and resourcing continues.

In summary, this assessment reflects that the IGWC is doing very well in developing, maintaining, and enhancing its regulatory maturity. Accordingly, IGWC is well placed to achieve its aspiration 'to be a best practice water compliance regulator'.

#### *Guidance around how future self-assessments could be better targeted*

As mentioned, some of the maturity attributes do not naturally align with the regulatory role of the IGWC, when compared to 'front-line') regulatory agencies. This is because the Inspector-General operates as a 'second line' regulator, with a unique regulatory oversight function, more aligned to that of an integrity agency.

I offer the following suggestions for future assessments, namely that:

- the self-assessment report be clear where the maturity attributes are not aligned with the core role of the IGWC. To assist this should be clearly documented at the commencement of the attribute with a simple statement, and reinforced again at the conclusion of the attribute in the 'Additional comments' through provision of rationale;
- there be greater consistency of the terms/descriptors used in the 'Assessment' column, of how transition between and within maturity levels are satisfied and described; and
- after one but no more than more two annual self-assessments, assessments should then occur every two years. This provides adequate time to design, develop, implement, evaluate, and report on activities and initiatives that maintain and advance maturity, this is especially necessary when aiming to progress to the highest levels of maturity.

#### *Background*

I was engaged to conduct an independent assurance review of the Inspector-General of Water Compliance (IGWC) in terms of its regulatory maturity. The assessment was made against information contained in a comprehensive 68 page report with the title of 'IGWC Modern Regulator Improvement Tool: Final self-assessment report, 3 January 2024' (the Draft Report).

#### *About the reviewer*

The reviewer: was actively involved in designing and prototyping the AELERT MRIT; has 25 years' regulatory experience across practitioner, management, and executive roles; has academic qualifications, a Master's (by research) and a PhD (by publications), both of which relate to building capability and capacity across regulatory agencies; and regularly considers and comments (including verifying and moderating) on self- and peer- assessments that use the AELERT MRIT,

#### *Concluding comments and next steps*

As mentioned, the IGWC should be commended for its commitment and leadership in completing this initial assessment of its regulatory maturity, especially so early since its establishment and knowing that the maturity ratings were likely to be low. This is because, in my experience most regulators put off the initial assessment far too long, 'letting perfect get in the way of good' – as a result they deny themselves the opportunity to calibrate, course correct, and customise their maturity building activities and effort.

I hope these observations and findings encourage and assist the IGWC in identifying priority areas to focus on, and continuing its efforts 'to be a best practice water compliance regulator'.

Yours sincerely,



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