

04 April 2025

Hon. Troy Grant
Inspector-General of Water Compliance
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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 second review.

Scope of the assurance review

The IGWC required assistance from an appropriately qualified and experienced regulatory professional with knowledge and experience with the AELERT Modern Regulator Improvement Tool (MRIT) to:

- conduct an independent verification of IGWC's 2025 MRIT self-assessment; and
- provide guidance on how future self-assessments could be better targeted considering the Inspector-General's unique roles and responsibilities.

Important note on changes to the MRIT tool, its maturity attributes, and versions

MRIT tool:

- the previous self-assessment used what I will refer to as the 2016 version or 'original and generic MRIT'; and
- in May 2024 a 'water specific MRIT'¹ was developed by AELERT.

MRIT maturity attributes:

- the heading and nature of some of the 12 attributes have changed, and three in particular² have changed significantly in terms of focus; and
- the descriptors generally have been expanded, and particularly so at the higher levels (Leading and Well Established) of maturity.

MRIT versions:

- the 'water specific MRIT', version 13 May 2024, was used by the IGWC when completing their self-assessment; and
- the 'water specific MRIT', version 13 May 2024, has since been updated on 13 September 2024.

¹ The full title of which is 'Modern Regulator Improvement Tool: Customised for Water Sector Regulatory Agencies', 13 May 2024, Version 5.0.1.

² For example the attributes previously named: *Risk-based compliance planning*; *Training and procedures*; and *Performance reporting* have now become: *Risk based regulatory approach for the water sector*; *Water regulator's capability function*; and *Performance reporting in Water Regulation* respectively.

Independent verification

Once again the IGWC should be commended for its commitment and leadership in:

- completing this second self-assessment of its regulatory maturity, especially so early since its establishment and so close to its first self-assessment;
- deciding to have the self-assessment independently assessed, as part of 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, continues to be 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; and
- in terms of the 12 attributes:
 - **four (4) attributes have advanced to a higher level of maturity**, namely: *Culture and Leadership Focus, Problem solving approach, Water regulator's capability function, and Activity and Visibility*;
 - **six (6) attributes remain at level, but are well placed to advance to a higher level of maturity at subsequent assessments, if effort and resourcing continues**, namely: *Regulatory Philosophy and Approach, Stakeholder and Community Engagement, Risk based regulatory approach for the water sector, Quality assurance and review function, Performance Reporting in Water Regulation, and Governance and Oversight*; and
 - **two (2) attributes remain at level, and require substantial work prior to advancing to a higher level of maturity** namely: *Corporate plan and contribution, and Learning with others*.

In summary, this assessment reflects that the IGWC continues to do very well in developing, maintaining, and enhancing its regulatory maturity.

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 an integrity agency.

I offer the following suggestions for future IGWC assessments:

- after one more annual self-assessment, 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; and
- that supporting material be re-used, re-purposed, and amplified across the attributes especially within the same quadrant – as the attributes often interrelate and therefore have the potential to positively influence maturity ratings.



Background

I was engaged to conduct an independent assurance review of the IGWC in terms of its regulatory maturity. My review considered the information contained in the comprehensive 77 page document with the title of *'Appendix A: Detailed MRIT self-assessment matrix'*.

About the reviewer

The reviewer:

- was actively involved in designing and prototyping the 'original and generic 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 MRIT.

Concluding comments and next steps

As mentioned, the IGWC should be commended for its commitment and leadership in completing this second assessment of its regulatory maturity.

I hope that the observations, insights, and suggestions provided during the review process has encouraged IGWC to continue its general efforts in relation to advancing regulatory maturity, and assisted it in identifying priority areas worthy of special attention.

It was hoped that this assessment, in transitioning from the 'original and generic MRIT' to the 'water specific MRIT', would provide a new baseline for future assessments. However, the 'water specific MRIT' has been updated yet again.

The newer (13 September 2024) version of the 'water specific MRIT' contains yet another 3 attributes that have been renamed and expanded upon. As a result, the next maturity assessment will need to use this updated version. After which, it is likely that more direct comparisons will be possible.

Despite the issues with the changes to the MRIT, the IGWC is clearly on a trajectory of consolidating and increasing its regulatory maturity as it strives 'to be a best practice water compliance regulator'.

Yours sincerely,



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