



Australian Government
Productivity Commission

15th National NRM Chairs Forum

National Water Reform Inquiry

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Productivity Commission

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Outline

- The NWI
- The Inquiry
- Where we sit so far
 - *Outcomes from Public Consultation*
- Today
 - *Opportunity to have further input from NRM practitioners*

National Water Initiative

- Successor to COAG 1994
- Signed in 2004
- COAG and NWI represent >20 years national water reform
- Reforms viewed as 'leading edge' internationally
- COAG explicitly committed to
 - *Integrated approach to NRM*
 - *Integrated catchment management approach to water resource management*
- NWI
 - *integrated management of environmental water*

Principles of the National Water Initiative

Objective

To achieve a nationally compatible market, regulatory and planning based system of managing surface and groundwater resources for rural and urban use that optimises economic, social and environmental outcomes.

8 interrelated elements of water management

Water access entitlements and planning

Water resource accounting

Best practice water pricing

Urban water reform

Water markets and trading

Knowledge and capacity building

Integrated management of environmental water

Community partnership and adjustment

Why are we doing this inquiry?

NWC (Abolition) Act 2015

Water Act (Cwlth) 2007



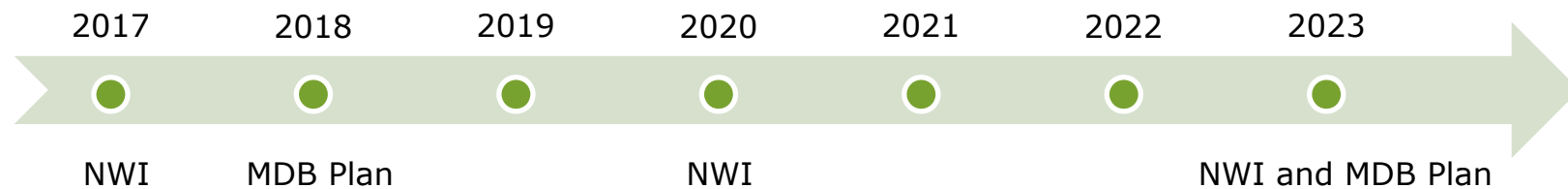
Productivity Commission Act 1998

Inquiries on the progress and implementation of

National Water Initiative (NWI)

and

Murray-Darling Basin (MDB) Plan



Consultation

68 submissions

Key concerns:

- Urban water
- Water planning
- Indigenous interests

47 meetings with 131 participants:

- Sydney
- Melbourne
- Brisbane
- Adelaide
- Perth
- Canberra
- Hobart (teleconference)
- Darwin



Stakeholder working group

- Australian Conservation Foundation
- Australian Local Government Association
- Australian Network of EDOs
- Australian Petroleum Production and Exploration Association
- Australian Water Association
- Australian Water Brokers Association
- Minerals Council of Australia
- National Farmers' Federation
- National Irrigators' Council
- Phil Duncan (Indigenous representative)
- Water Services Association of Australia

This Inquiry - ToR

- Assess progress
 - *Jurisdictions*
 - *Meeting objectives and outcomes*
- Identify potential and realised benefits of reform
- Assess adequacy of NWI, given emerging challenges, particularly in urban
- Identify improvements to NWI
 - *Interactions between water and energy, agriculture, planning and urban supply*
 - *Whole-of-cycle water management*
 - *Services to regional rural and remote communities*
 - *Economically efficient water infrastructure*

Context for Review

- Population growth and urbanisation
 - *By 2061, Australia's population - between 36.8 and 48.3 million*
 - *By 2050, additional 11 million living in capital cities*
- Climate Change
 - *In the MDB, reduction of 10% mean annual runoff (averaged across Basin) by 2030 for 1 degree of global warming*
- Experience in Millennium Drought
- Looming infrastructure investment needs
 - *Water supply, wastewater*
 - *Liveability*
- Indigenous participation

Inquiry framework

Aim: Water use in Australia is efficient and sustainable

Water resource management

Trading & accounting

Planning & entitlements

Environment

Water services

Urban water

Rural water

Indigenous interests, Pricing, Institutional arrangements, knowledge & Innovation, Reform implementation

Outcomes from consultation

Future national water agenda

- Reform under the NWI has been beneficial, but has lost momentum
- Risk of back-sliding
- Risk of 'reform fatigue' in irrigation communities

Outcomes from Consultation – Water planning and entitlements

Outcomes

- *Processes for allocating and sharing water are transparent, inclusive and cost-effective*
- *Property rights for water are clear and secure*

- WA and NT
- Inclusion of extractive industries
- Alternative sources of water
- Managing climate change whilst minimising uncertainty for entitlement holders
- Poor inclusion of indigenous communities

Outcomes from Consultation - Environmental management

Outcome: Environmental management is efficient and effective

- Need to better integrate natural resource management (NRM)
- Monitor, evaluate, and report on outcomes of environmental watering
- Duplication of institutional arrangements
- Adaptive management
- NWI was about providing water for environment. Focus needs to be on management

Outcomes from Consultation – Water trading

Outcome: Water is able to be traded to its highest value use

- Water trading has been beneficial
- Operation improving
- Streamline approval processes
- Role for better market information

Outcomes from consultation – Rural water services

Outcome: Rural water services are provided efficiently

- Need for a clear and stable regulatory environment for investor confidence
- Sustainability of some existing irrigation schemes
- Concern over potentially poor decision making for new irrigation infrastructure and other significant investments
- Energy prices increases impacting on irrigators

Outcomes from Consultation – Urban water services - general

Outcome: Urban water services are provided efficiently


- Effect of inconsistency in the economic regulation of utilities
- Institutional barriers to integrated water cycle management
- Role of water management in providing liveability
- 'Inflexible' approaches to health, safety and environmental regulations

Outcomes from Consultation – Regional urban water services

- Water quality issues in some areas
- 'asset cliff'
- Feasibility of cost-reflective pricing
- Missed opportunities in making investment decisions, such as augmentation planning

Outcomes from Consultation - Indigenous interests

- Need to consider Indigenous values in water planning
- Indigenous Australians are poorly represented in water planning
- Facilitating access to water for commercial purposes
- Quality of services to remote communities

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- Questions
 - Comments
 - Further input

Conclusion and next steps

- **Draft report** released in September
- Then: public hearings and further submissions invited
- **Final report** presented to Government in December

pc.gov.au/inquiries/current/water-reform