



**Australian Government**  
**National Water Commission**

# **Australia's National Water Reform**

Presentation to “New Thinking on Water  
Governance” Conference

by Kerry Olsson

National Water Commission

2 July 2009



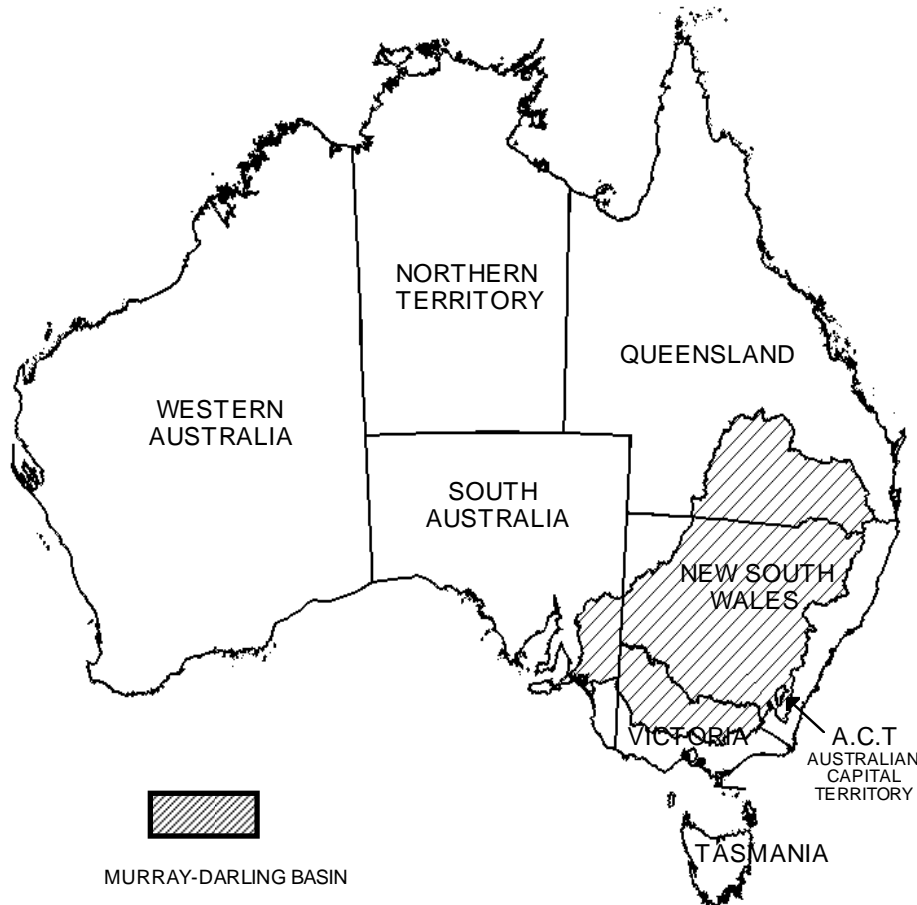
Australian Government  
National Water Commission



# Outline

1. What did we set out to do (the National Water Initiative)
2. How well is it going?
3. What next? – some possibilities





## A Federal System

- Water is mainly a State responsibility
- Transboundary issues—especially in the Murray-Darling Basin
- Federal Government involved in coordination, funding, and MDB planning



Australian Government  
National Water Commission



# Australia's Reform Process

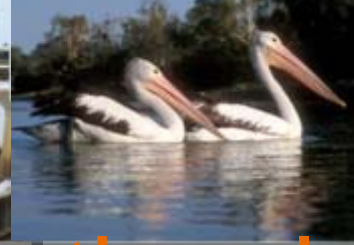
Objective of the 2004 National Water Initiative:

“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”





Australian Government  
National Water Commission



# What does the national reform agreement require?

- ◆ Sustainable levels of extraction
- ◆ Statutory, inclusive, science-informed water sharing processes
- ◆ Secure water entitlements for irrigators & other users
- ◆ Security for environmental water
- ◆ Improved water pricing – full cost recovery, consumption based
- ◆ Better water metering, data collection & accounting





Australian Government  
National Water Commission



# What does the national reform agreement require?

- 🔴 Efficient, open water trading within hydrologically connected systems - including between states
- 🔴 Improved management of groundwater and surface/groundwater connectivity
- 🔴 Manage water intercepting land use change (eg plantation forestry, farm dams)
- 🔴 Improve management of urban water supplies
- 🔴 Invest in knowledge and improve capacity
- 🔴 ...and more





# Progress...

- 🔥 Most states now have NWI consistent legislation and planning processes
- 🔥 New Commonwealth Water Act and new governance arrangements for the Murray-Darling Basin
- 🔥 Federal government investment – eg AU\$12.9 billion ‘Water for the Future’ program
- 🔥 Water trading playing a key role in risk management, response to drought and autonomous adjustment
- 🔥 Water is being recovered for the environment, including through purchase on the market





Australian Government  
National Water Commission



# Progress...

- 💧 Institutional reform
  - 💧 National Water Commission (promoting reform, auditing and assessment of progress, public reporting)
  - 💧 Bureau of Meteorology (water data and accounting)
  - 💧 Australian Competition and Consumer Commission (water market and charging rules)
  - 💧 New Murray-Darling Basin Authority (strong role in Basin planning)
  - 💧 Urban water reform (eg consolidation of small suppliers, moves towards third party access, diversified supply augmentation)







Australian Government  
National Water Commission



# The conference questions....

- ❖ Policies generally comprehensive & integrated (8/10), laws have (mostly) been updated (9/10), effectiveness of legislation & policy fair (7/10), neutral apex bodies and regulatory agencies reasonably independent & effective – however progress varies across the country, long implementation timelines impact effectiveness & pressures (eg historic drought, climate change effects, capacity constraints) are immense.



Australian Government  
National Water Commission



# The conference questions....

- 🔥 Basin organisations for cross-boundary systems, reforms to increase effectiveness (7/10), resource assessments good and improving for regulated systems (8/10), less developed regions low in data & models and uncertainties around future climate.
- 🔥 Policies require participatory processes but some gaps in implementation (eg indigenous) (8/10), effective urban & industry education campaigns (8/10).



# The conference questions....

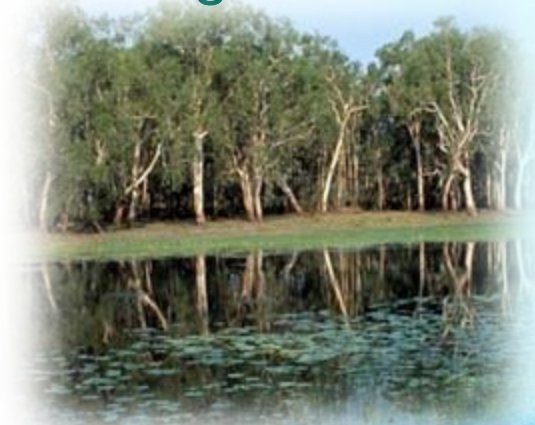
- Autonomy & accountability of water service providers - urban water suppliers usually gov't owned enterprises subject to independent price regulation and public reporting of performance (9/10) , irrigation entities have a range of forms –corporations, trusts, cooperatives, gov't owned enterprises (8/10).
- Tariffs consumption-based providing a price signal for efficient use (8/10) but generally not used as a demand management tool, cost recovery generally good (8/10).





# Risks to the reform process

- 💧 Reform fatigue and impatience
- 💧 Over-allocation not yet addressed and impacts exacerbated by historic drought
- 💧 Better registry systems, data and accounting on the way, but needed yesterday
- 💧 Intensification of climate change compounding water scarcity
- 💧 Progress too slow, potential to lose consensus and momentum
- 💧 Impact of global financial crisis





# What next? – some possibilities

- 💧 Tackling the continuing constraints on water trade and market distortions
- 💧 Water planning which deals more robustly with uncertainty, extreme events, critical human needs and the impacts of climate change
- 💧 Dealing with adjustment and reconfiguration of irrigation districts
- 💧 Improving governance, effectiveness and efficiency of environmental water management
- 💧 Improving compliance and enforcement





Australian Government  
National Water Commission



# What next? – some possibilities

- 🔥 Urban water reform opportunities including increasing competitive pressure, getting serious about water sensitive design, harmonisation of regulation
- 🔥 Better understanding of water resources in Northern Australia, and opportunities for truly sustainable development
- 🔥 More policy focus on unregulated water systems
- 🔥 Continued pricing reform, including stronger independent regulation in some states





Australian Government  
National Water Commission



**More information**

**[www.nwc.gov.au](http://www.nwc.gov.au)**

**[www.water.gov.au](http://www.water.gov.au)**