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SHAPING THE NATIONAL WATER AGENDA

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The Australian Government's plans to establish a National Water Commission can revitalise the national water reform agenda and work to ensure secure and sustainable access to water for all Australians. Establishing a National Water Commission is an opportunity to show national leadership and set a clear remit for excellence in water management, especially in the face of the impacts of climate change. The commission's institutional design, agenda and approach should flow from this remit. This paper explores how the government can set up a National Water Commission for success and what national leadership on water can look like.

Introduction

The new federal government has committed to establish a National Water Commission, renew the National Water Initiative (NWI), and make changes to the National Water Grid investment

policy together with a suite of other reforms to "future-proof Australia's water resources."¹

The policy commitment sets clear markers for the NWC's activities and approach. It is useful to capture the NWC's overarching remit (why it exists) as a basis for settling other design elements. These include how it will be established (what it will look like), its agenda (where it will play), and its approach (how it will operate).

We need national leadership on water management more than ever

Since the abolition of the former National Water Commission in 2014 and the disbanding of the COAG Standing Council on Environment and Water, all governments have substantially retreated from pursuing water reform as a national political and policy priority. The need for national leadership on Australia's water management and use has increased since 2014:

- + The impacts of climate change – a hotter and drying climate and more severe extreme weather events – are significantly challenging Australia's water infrastructure, planning and management. The intensity of the 2017 to 2019 drought (particularly in the Murray–Darling Basin and NSW) – so soon after the Millennium Drought (1997–2009) – has been followed by extreme rainfall

and flooding on the east coast. Longer term shifts in the distribution and extent of rainfall will challenge current water management.

- + Higher **short term energy costs and the medium-term imperative to reduce emissions** are challenging conventional and emerging water supply, stormwater management and sewage treatment solutions.
- + Australia's **population has grown by over 8%** since 2014 and is projected to resume higher growth rates post-COVID. Much of this growth is in capital cities and larger centres placing further pressure on ageing urban water infrastructure.
- + **Market demands for water resources and ambitious government targets** on agricultural production supports big opportunities for sustainable water use in rural Australia but challenges allocation between competing needs of the environment and towns and cities.
- + There is a **stronger business and community appreciation** for the value of water, and of the economic, social and environmental benefits to be gained from ensuring that our water management is prepared for scarcity and resilient to extreme weather.
- + **Access to safe drinking water** is not a given for many communities and recent work has highlighted both the estimated scale of this issue and the consequences for Indigenous communities in particular.
- + Significant **opportunities created by new technology** include digital and analytical tools to better manage water in rural and urban settings and grow transparency of water use. These are unevenly understood and deployed across the water sector.
- + The uncertainty and greater **politicisation of decisions about major water infrastructure** investments and access to water should be moderated by independent, authoritative and expert advice on water at the national level.
- + The NWI – Australia's world-leading blueprint for water management and use – remains highly relevant but **some commitments by states remain unmet**, and the agreement has not been updated to reflect Australia's changing operating environment and gaps in its coverage – despite 2 Productivity Commission reviews calling for this.

In a crowded institutional landscape, we do not have a single national entity that can champion for better water management and legitimately claim to focus on stewardship of Australia's current and future water resources. A national entity like this could hold a mirror up to the progress Australian governments are making towards a secure and sustainable water future.

The NWC's remit: national leadership to achieve Australia's secure and sustainable

access to water

The developments since 2014 present clear challenges but also great opportunity for Australia achieving a future where its communities have secure and sustainable access to water. Secure and sustainable water management and use is not an end in itself. The nationally significant outcomes that flow from this include investment and growth, greater productivity, effective climate adaptation and transition, more resilient communities and improved social cohesion, and ensuring we can meet our international commitments. National leadership to achieve secure and sustainable access to water for all Australians should underpin the NWC's reason for being.

The Australian Government cannot hope to meet this challenge outright in either policy, regulatory or funding terms. What it can do through an independent and authoritative NWC is to create national leadership on water to help drive a more secure and sustainable water future.

National leadership on water means:

- + setting a **clear vision and objectives** to address shifts in climate, community expectations, lessons learned, gaps in the existing effort and emerging opportunities
- + making this vision concrete with **practical policy guidance and insights** to secure Australia's water resources for communities and the environment
- + translating solutions into **government commitments** that build a renewed sense of common purpose and momentum to achieve better outcomes in water management and use
- + sustaining an **ongoing reform agenda** by holding players accountable and calling out decision making which is driven by poor information or emphasis on the short term, and
- + creating an **informed and trusted narrative** about why we need to achieve a more secure and sustainable water future for Australia, and how to achieve this, by collaborating and communicating across the full range of stakeholders.

Good institutional design: enabling the NWC to shape and deliver national leadership on water

Confidence in the NWC's capacity to provide national leadership on water will be rooted in strong institutional design, with:

- + Role and functions defined under an **enabling Act** to signal clear authorising by the Government and the

Parliament.

- + A commission membership with **relevant water expertise** to establish credibility in its work.²
- + **Independent commissioners** who can consider solutions to contested, partisan and complex areas of water use and management. Being at arms length from governments also helps to build public confidence in reform.³
- + Giving jurisdictions skin in the game (but not representation) through **collective nomination of relevant experts** to be considered for appointment to the Commission.
- + Scope for the NWC to **formally commission experts to advise on specific issues and provide local knowledge** on specific issues.
- + Necessary **political authorisation for the NWC to provide strategic advice** and participate with governments collectively (such as through a National Water Ministers' Forum) and individually.
- + Adequate **ongoing funding** for the NWC to deliver its role and functions effectively – through enabling collaboration, commissioning pieces of work to advance water reform solutions, and strong communication of its role and work.
- + Establishing **mechanisms to underpin the cooperation of jurisdictions with NWC**, such as through amendments to the National Water Initiative.
- + Consider **merging and clarifying the functions of other national water players**. Absorbing activities (such as the Productivity Commission review functions, among others⁴) can help to consolidate scarce water policy expertise and improve phasing and execution of reporting. This could also provide an opportunity to consolidate limited water expertise – especially at the Commonwealth level.
- + To align with the government's election commitments, develop new governance **approaches that incorporate Aboriginal knowledge and capacity building**.

Clarity in the NWC's roles and responsibilities is critical given that states and territories remain pre eminently responsible for water resources. There are multiple players at Australian Government level. These include: the Murray–Darling Basin Authority, Commonwealth Environmental Water Holder, Productivity Commission, Department of Climate Change, Energy, the Environment and Water, National Water Grid Authority, Inspector–General of Water Compliance, ACCC, Bureau of Meteorology, Infrastructure Australia and North Queensland Water Infrastructure Authority.

In this context, delivering value will rest heavily on how the NWC strengthens collaboration and coordination between multiple agencies, and accountability to a shared vision.

NWC activity: a rolling work program will help the commission hit the ground running

After 18 years, the NWI remains intact as Australia's blueprint for sustainable water management and use. The NWI, together with the Productivity Commission's reviews of National Water Reform (including governments' performance against the objectives and outcomes of the NWI), provides a strong framework for activity.

An early work program could include:

- + Articulating a **new overall objective for the NWI** to reflect the imperative of a secure and sustainable water future for Australia, and refreshing the context for the Agreement to reflect current challenges. These include adapting to climate change, recognising Indigenous cultural water use and the growing imperative of urban water management.
- + Intensive work to identify and build **consensus around priority focus areas** in the first 6 months – to inform its work program, including:
 - + improving water security for towns and cities
 - + hard commitments to improve water quality for Indigenous and remote communities
 - + refreshed guidance for investment in water infrastructure
- + Sponsoring the use of an **assessment tool for water security for towns and cities**⁵ in select areas of Australia as a mechanism to analyse water governance issues that lie at the heart of issues in these contexts. For example, assess one major city, a small set of regional towns of varying size, and a selection of remote communities.
 - + This and other tools to stress test water management arrangements could also test a new assessment approach for the NWC. These would be targeted at key issues in jurisdictions and practical in their findings – rather than mechanistic report card.
- + Update the principles for interaction between the NWI and other water initiatives (such as the MDB Plan) to **reinforce clarity on the NWC's role**.

A revitalised National Water Initiative can be a key mechanism to create leadership and pursue secure and

² COAG Review of the National Water Commission

³ The original commission comprised 7 members appointed by the Governor–General on proposal by the Commonwealth Minister. Three of the commissioners were nominated by the states and territories. Commissioners were not part of the NWC staff. They were nominated based on their expertise in the water industry or in water science and were responsible and accountable to the Minister to carry out the functions specified in the NWC Act.

⁴ The PC's NWI review functions are obvious to bring into the NWC but could be conducted differently. Review functions in relation to the MDB Plan are less straightforward. On the surface, folding these into the NWC would make sense (including for independence) but would benefit from further consideration.

⁵ A definition and diagnostic tool for water security for towns and cities is close to endorsement by the National Water Reform Committee.

sustainable access to water for all Australians.⁶ At the same time, the NWC cannot afford to have its work program (and its success) held captive to the negotiation and political agreement of all jurisdictions around changes to the initiative.

In line with the activities in its early work program, the NWC could incentivise practical action by partners in the water sector by:

- + working with jurisdictions to identify and overcome barriers to achieving water security and maximising the value of water and water infrastructure
- + funding work to support policy, institutional change and practical reform efforts
- + being available to provide expert advice to jurisdictions on water challenges
- + providing advice to other countries where this supports Australia's global water security agenda.

The Australian Government cannot hope to meet this challenge outright in either policy, regulatory or funding terms. What it can do through an independent and authoritative NWC is to create national leadership on water to help drive a more secure and sustainable water future.

The ongoing relevance of the NWC will depend on a flexibility to update its work program against a clear focus on enduring outcomes rather than prescriptive approaches.

How the NWC works: this will be just as important as what it does in delivering meaningful national outcomes for water

To be fully effective, and to meet the government's expectations, the NWC will need to embody an approach that is:

- + deeply collaborative in its work, especially with the states
- + uses its convening authority and strong networking to break down silos and build capability across the water sector, including with local government
- + draw on First Nations knowledge and perspectives in its work.

To help achieve this in practice, it may be useful to articulate operating principles for NWC engagement from the outset. These principles could reflect the following:

- + The existing NWI is the starting point agreement on the vision, objectives and core elements of the future water reform agenda, while acknowledging that it needs to be

updated.

- + The NWC will engage closely with jurisdictions on future priorities and practical actions to achieve a secure and sustainable water future for Australia.
- + Participation in actions is based on the needs and interests of each individual jurisdiction – that is, the Commonwealth and relevant states and territories 'opt in'. This reflects that not all actions and tasks will be relevant to each jurisdiction, while looking to establish as broad a 'coalition of the willing' as possible.
- + Actions should not default to the lowest common denominator solution – rather, there will be a focus on lifting performance while also incentivising leadership and innovation.
- + Priorities and actions should recognise and build on existing efforts by jurisdictions, including connecting jurisdictions and other players with best practice to lift performance. An open and collaborative approach will be taken to share practices and learn from past experiences.
- + Actions should allow sufficient flexibility for states and territories to implement them, with a focus on outcomes rather than prescriptive approaches.
- + Ongoing accountability for implementation is essential to achieving better water outcomes for Australia. Cooperation and transparency of all governments with the NWC in its reporting roles can be facilitated by working alongside jurisdictions to identify how water management can be best improved in their context.
- + Future Commonwealth water funding should be linked to commitment and evidence of cooperation by governments in pursuing practical improvements in water governance to deliver secure and sustainable water for Australians.

Establishing a National Water Commission is an opportunity to show national leadership and set a clear remit for excellence in water management, especially in the face of the impacts of climate change. Delivering on this commitment provides the opportunity to achieve secure and sustainable access to water for all Australians.

⁶ Over the medium term, driving improvements to the NWI in priority areas (including supporting national principles, standards, guidelines), and the review, monitoring and reporting on reform implementation could form part of the baseload of NWC activity.

Key success factors for the National Water Commission can be achieved through good institutional design, an activist reform agenda and a strong commitment to collaboration

This table summarises the key elements required to ensure that the NWC is set up for success and operates effectively to achieve its remit.

Success factor	Institutional design	NWC agenda	NWC approach
Establish and maintain clear authorising	Clear legislative remit Independent expert appointments Funding to deliver work on key water reform priorities Supported by revitalised national forum of water Ministers	Developing a work program that marks out clear priorities for the NWC in its first 2 years	Creating earned authority by a willingness to engage across government and sectoral lines and promoting strong communication and transparency with stakeholders and the community
Constructive engagement with states – who remain primarily responsible for water resources	Clear legislative remit Opportunity for states to jointly nominate NWC members Expert Commissioners	The NWC uses a range of activities to convene states and energise the practical actions for secure and sustainable water for Australians Working with states to prioritise the rolling work program	Demonstrating value to states by: collaborating to gain traction on issues of common importance paving the way for political authorising by Ministers providing a ‘pressure valve’ on contested water policy issues
Strong value proposition in a crowded Commonwealth institutional landscape	Clear legislative remit Consolidate existing Commonwealth functions in the NWC	Clear timetable in NWC work program where it may take on existing Commonwealth functions Articulate principles for interaction with other Commonwealth water entities	Close collaboration with other Commonwealth water entities where this is relevant Good visibility among all players of NWC priorities
Adaptive to meet new challenges and maintain enduring relevance	Legislative remit that enables NWC to respond to both immediate and emerging needs in Australia’s water operating environment	A rolling work program that drives practical action towards short/medium/ long term water security and sustainability Updating the NWI and shifting it to a more outcomes-based document over time while retaining clear commitments of governments A cadence of work that enables the NWC to identify and escalate emerging trends and challenges for secure and sustainable water	Clear and ongoing communication with stakeholders about the need to adapt to changes in the water operating environment – especially for the impacts of climate change