Australia’s National Water Reform

Presentation to “New Thinking on Water Governance” Conference
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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
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”
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
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 (e.g., 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
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)
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.
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 govt-owned enterprises subject to independent price regulation and public reporting of performance (9/10), irrigation entities have a range of forms – corporations, trusts, cooperatives, govt-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
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