



## IS AUSTRALIA'S WATER REFORM RECORD UNDER THREAT?

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At a time when the World Economic Forum<sup>1</sup> is urging that water be given high-level strategic attention as one of five global issues, it appears our Australian Government is walking away from water reform and its strategic management. Yet for over a quarter-of-a-century Australia has been at the forefront of progressive water reform from policy to implementation, and the evolution of institutional governance. Now is not the time to lose the plot.

### GLOBAL PRESSURES ON WATER

With global freshwater demand projected to exceed current supply by over 40 per cent by 2030, increasing competition and stress on water poses a significant risk to food, energy and industrial and human security around the world. Australia is not exempt.

Here on the driest inhabited continent with the most climatically variable water supply on the planet, future economic development and ever-increasing competition for water will require ongoing commitment to water reform and sustainable operating principles.

Water is not only the indispensable ingredient for life, seen by many as a right, but also indisputably an economic and social good. It is a commodity in its own right with no substitute and no alternative, but it is also a crucial connector between humans, our environment and all aspects of our economic system.<sup>1</sup>

The Global Agenda Council on Water Security<sup>1</sup> believes that only far-sighted and collective action can avert future water crises and ensure water security for communities, businesses and countries.

### CAN AUSTRALIA AFFORD TO RETREAT?

Given this context it is perplexing to see the Australian Government's Budget announce the abolition of the National Water Commission without any clear indication of how its strategic and knowledge-based leadership, audit and review functions will be maintained. Loss of these high-level independent roles within the COAG arrangements poses a real threat to Australia's hard-won water reform progress.



Wartook Lake in Halls Gap, Victoria, during a drought period.

If anything, we should be driving further and faster momentum on COAG's 2004 National Water Initiative (NWI) – a shared commitment by governments to increase the efficiency of Australia's water use, leading to greater certainty for investment and productivity both for rural and urban communities, and for the environment.

The historic 2004 agreement came alive through significant backing from the then Coalition Government, originally under Prime Minister John Howard and later with Malcolm Turnbull as Water Minister.

While this bipartisan agreement is rightly recognised as one of the most globally significant water reforms, its aspirations warrant continued vigilance and action if we are to avoid repeating the mistakes of the past. This will be vital to maximise our future productivity and efficiency, especially now as we confront new issues and pursue new opportunities.

The NWI reaches its 10th anniversary on 25 June 2014. We should be celebrating this occasion by vowing to build on the landmark agreement's achievements. Instead, the current Federal Government appears intent on trashing the Howard heritage and retreating from its leadership legacy on national land and water policy.

The decision to close the National Water Commission – the custodian of the NWI – reaps a meagre saving of \$20.9 million over the next four years. Let's hope that the cost of this 'efficiency' does not compromise and leave unresolved a national leadership framework to maintain progress on water reform.

All those with an interest in water will eagerly await the Commission's final assessment of water reform progress due to be delivered to COAG later this year. In particular, we will watch what it has to say about unfinished business, about new issues and the need to apply the NWI's tried and tested principles in the context of future development decisions.

But how, given the abolition of the Commission and the COAG Standing Council on Environment and Water, will governments respond to the report's recommendations? In an era when we appear to be moving from cooperative federalism to competitive federalism, should we fear a return to the days when state borders matter more than the rivers that run through them?

## CALLING GOVERNMENTS TO ACCOUNT

The National Water Commission's core responsibility is to assess progress by State and Federal Governments under their NWI commitments. While substantial progress in water reform has been made through the Initiative and COAG mechanisms, there is still unfinished business as outlined by the Commission's comprehensive review of water reform progress undertaken in 2011:

- Returning overused and over-allocated surface water and groundwater systems to sustainable levels of extraction.
- Unfulfilled commitments to manage water interception effectively. All parties to the NWI need to incorporate significant interception into water plans, otherwise the reform framework is compromised and the security of water rights is eroded.
- The lack of clarity regarding the responsibility and accountability for environmental water management decisions; a function of multiple institutions involved in decision making, and the limited scientifically credible monitoring and evaluation of environmental outcomes.
- Emerging issues were also flagged by the last assessment. How should we manage competing demands for water from our resources sector? How can we map future directions for water in our cities?

But without a commitment to assess the NWI every three years and report on the performance of governments (both State and Federal), will there be sufficient incentive to meet outstanding water reform commitments, let alone tackle the new issues?

With the closure of the Commission, this task must now be assigned to another agency to ensure that the unfinished and important aspects of the agreement are completed by all governments. And it needs adequate resourcing.

As other stakeholders have argued, it is important that whichever agency inherits the Commission's functions is at 'arm's length' from administering any water programs. An independent umpire – without vested interests – is essential to give confidence to all interests that future assessments remain fair and impartial. Whether or not other agencies have sufficient in-house expertise and knowledge to perform specialised water management assessments is also cause for concern.

## AUDITING REFORM INVESTMENTS

To support its reform efforts, the Commission was originally given responsibility for managing two programs worth more than \$1.6 billion under the Australian Government Water Fund. Later, in the wake of the Millennium drought, the Australian Government committed a further \$10 billion to finance the restoration of the Murray–Darling Basin through a plan that was based on NWI principles.

With many billions of dollars of public funds committed to water reform by successive governments over the past decade, there must be public accounting for these expenditures. Without an independent auditor, these investments are in danger of withering away with little public accountability on what benefits are actually delivered.

That's why it is critically important that the Commission's Murray–Darling Basin auditing functions be preserved. We need the ability to properly and independently ensure that effective outcomes are being delivered to Basin communities, the environment, regional industries and Australia's taxpayers.

Again, without the Commission's expertise in undertaking performance audits of large-scale water plans, this task will need to be undertaken in a way that maintains public trust and confidence.

## LEADERSHIP IS CRUCIAL

With the impending loss of the National Water Commission, who will step up to lead the way on future reform directions, develop innovative policy solutions and shine a light on those emerging issues that are characterised as 'wicked' problems?

The world has a huge appetite for energy, water and food. The ecosystems and the natural resource base that provide all three are woven together and linked in a way that means we cannot manage one without impacting on one of the others. Water can be seen as the gossamer that links together the web of food, energy, climate, economic growth and human wellbeing<sup>2</sup>. All three are strongly interdependent.

Global primary energy consumption is expected to increase by 39 per cent over the 20 years to 2030. It is expected that natural gas extracted from shale and coal mining, using rapidly developing technology, will be a major energy source. To produce natural gas from unconventional means has immediate and significant impacts on both surface and groundwater resources.

In Australia, which has a rapidly expanding coal seam gas industry, this water demand is often in direct competition for the land and water resources currently used for food production. Yet it is the same natural gas that is widely used to power the production of fertiliser for the same food production in modern agriculture.

In the face of these complex water-energy-food-climate change interfaces<sup>2</sup>, Australia will need national leadership to catalyse open and robust enquiry on how best to manage these competing economic pressures on our scarce water resources without sacrificing vulnerable environmental assets.

In the past, the National Water Commission has provided this leadership. It made an early call on coal seam gas and water issues. It urged governments to apply tried and tested NWI principles to any decisions on developing northern Australia's water resources. The Commission has also championed Indigenous water engagement and access, bringing together Indigenous leaders and ensuring their voices are heard.

Where will this leadership now come from? How will we recreate a forum for bringing together the various governments, along with the industry, environmental and Indigenous leaders, who have a stake in water reform?

We need national leadership to bring the state agencies together, and to bring competing interests to the same table, so that we can look at the whole system. Without the Commission, or an equivalent body, we may well lose what we desperately need at this time of increasing complexity.

## CONCLUSION

For many, the recent Budget decision is all the more surprising in light of an independent COAG review of the Commission only two years ago. That review concluded:

*"The NWI remains a relevant and active reform agenda supported by most stakeholders. ... The elements of the NWI still to be implemented are, by their nature, the more difficult ones and the role that can be played by a specialist and independent body like the NWC is likely to be even more important in the future."*

Following the review and the subsequent Senate debate on renewing the Commission, Senator Birmingham (then Shadow Parliamentary Secretary) said:

*"The NWC's role is integral to getting water reform right in this country at a much broader level... As we go forward, their role in holding the states and the Commonwealth to account for actually delivering on water reform is critical. Their role in providing expert analysis and advice is absolutely critical."*

*"... we need good, credible independent organisations such as the National Water Commission to call it as they see it, to call it based on the facts, to call it based on expert evidence and to hold governments to account for the key policy principles that they have set out."*

The Bill passed with bipartisan support in June 2012. So what has changed so much in two years? More importantly, who will now provide national oversight of water in Australia? Are we afraid to audit our water management outcomes and the health of our rivers?

When the Commission appeared before Senate Estimates on 26 May following the Budget, Senator Birmingham (now the Parliamentary Secretary to the Minister for the Environment) was unable to confirm which government body would undertake its functions.

It is hoped that this situation will be resolved to ensure that our hard-won investments in reform are not squandered. We need to build on our water reform record to prepare for the future with foresight<sup>2</sup>.

Over many years our water industry has generated the imaginative leadership, robust policy, operational principles and frameworks that have underpinned the water reform progress to date. Therefore, I challenge us all not to sit on our hands and see our rich achievement in water reform destroyed.

Managing water scarcity will remain a challenge for Australian governments. Whether we are prepared to meet that challenge will shape our economic prosperity, social wellbeing and environmental health.

## REFERENCES:

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2. Australian Government (2010): PMSEIC Impact Statement, Challenges at Energy-Water-Carbon intersections, Preparing for the Future with Foresight. [www.chiefscientist.gov.au/wp-content/uploads/PMSEIC-EWC-Impact-Statement.pdf](http://www.chiefscientist.gov.au/wp-content/uploads/PMSEIC-EWC-Impact-Statement.pdf)