

Water Security for Australians Demands Renewed Efforts in Water Reform

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It is now nearly three years since the Chair of the Council of Australian Governments (COAG), presented to the Prime Minister, the National Water Commission's (NWC) fourth and final assessment of the 2004 National Water Initiative (NWI). This comprehensive independent analysis urged the Prime Minister to take the lead and drive the political process to initiate the next generation of water reform and delivered a 10 point blueprint for that policy reform. A policy fundamentally important to the Australian people who dwell in the driest continent with the highest climatic variability on the planet and now seen as the most vulnerable to climate change.

In these last nearly three years we have heard nothing and seen no action. There has been a policy silence on water reform from both Federal and State government. Absolutely nothing has happened to take matters forward. In fact there is mounting evidence of not just policy stagnation but rather policy retreat.

This reform fatigue has placed Australian water policy and governance at serious risk of failing to meet the challenges of increasing competition for water and the associated water stress in a changing climate. Australia lacks a clear leadership framework to drive the next generation of reform.

It is important that Australian governments work proactively and collaboratively to develop and implement water policy that drives investment, innovation, equity, sustainability and water resilience for the benefit of Australian communities.

The first signals appeared in 2012 with the decision first to abolish the National Water Commission and disband the COAG Standing Council on Environment and Water, the peak body for coordinated government action on water reform, without replacement. This body prepared a COAG-endorsed report in 2013 detailing an enhanced water-reform agenda for the next 10 years in Australia. However we have no plans for its implementation. Since the 2014 National Water Commission comprehensive assessment which again urged a next generation of water reform there has been nothing but silence.

Despite government silence since at least 2012 many voices from diverse quarters have expressed their dismay and concern and all have offered ways forward for the next generation of water policy reform and its implementation.

The Australian Academy of Technological Science and Engineering (ATSE) prepared a 2014 Position Statement which called on the governments of Australia to develop and commit to a renewed long-term national water-reform agenda. ATSE proposed a way forward to include and implement new arrangements for collaboration among all governments to develop and set the agendas for national water reform which should include: a forward reform agenda for urban water; national principles for water management in the mining and gas sectors; national principles for water management in northern Australia; a national strategy and priorities for water science and research; national principles for the best use of environmental water, and implementing new arrangements for the ongoing leadership, assessment and evaluation of reform progress.

Meanwhile the **Australian Water Association (AWA)** published a 2014 State of the Water Sector report with Deloitte which highlighted the readiness of the water sector for renewed water reform to improve the operational efficiency of the water sector, drive investment in asset maintenance, upgrades and augmentation while clarifying governance of the sector; and to tackle the emerging issue of climate change as posing a significant or moderate risk to the sustainable management of water.

The **Wentworth Group** captured the mood when they wrote *“It appears our Australian governments are walking away from strategic water reform at the very time when we should be preparing for the next drought.”* In their detailed 2014 statement they painted a way forward arguing that water reform must be treated as an on-going effort rather than a once-off 10 year program. The first step requires all governments to commit to an updated, reinvigorated NWI Agreement with a focus on completing unfinished tasks and incorporating responses to emerging water resource issues.

There should be a priority on:

- moving towards recovering the full cost of water in pricing that includes the scarcity value of water and cost of environmental externalities;
- review the National Urban Water Planning Principles that includes a framework for ecologically sustainable urban water planning;

- increased attention to groundwater management including better integration with surface water management;
- identifying all over-allocated systems and providing adequate environmental water for their recovery;
- Use of WUE subsidies to recover water is flawed. It cannot work and should be stopped immediately and reviewed.
- extending water markets to heavily used groundwater areas approaching full allocation;
- incorporating all mining and petroleum activities, energy generation and carbon sequestration methods in water planning;
- explicitly include climate change effects in all water planning and investment decisions; combine water (flow) reforms with water quality and associated land management objectives, so that all causes of ecological threat are dealt with in an integrated way and invest in management-directed research so that water planning and management can be based on a factual understanding of the consequences of decisions.
- Essential is the establishment of an independent organization with sufficient skills and funding to drive on-going reforms, including the authority to recommend financial sanctions for unsatisfactory performance and to publish regular, fearless reports of progress.

In addition to voices in the water industry and from environmental advocates calling for renewed energy and activity to drive the next generation of water reform, in contrast to the last two years of policy silence from government, there has been a maturing academic literature which has reviewed the learnings of 10 years of water reform (e.g. Carmody et al., 2016; Holley and Sinclair, 2016) and has set down a convincing case for an urgent rekindling of effort toward a next generation of water reform.

Their work, which while strongly endorsing the NWI principles and that Australia has come a long way in water management under the NWI, claim that the design and implementation of this national reform does not appear sufficient to meet future water challenges. Their work concludes that there are cracks developing in some of the fundamental legal assumptions of current policy on water property rights requiring important revision and further reform to guarantee water security for all sectors of community.

Carmody et al., (2016) and the team provide a well-argued 10 point plan for the future water reform agenda which should be considered and addressed by governments, civil society and industries if we are to achieve a sustainable water future for Australia. The 10 points are;

- regulate the market to ensure equity,
- enhance efficiency and protect the environment,
- extend metering, monitoring and accounting,
- move beyond the limits of the market, especially for managing groundwater,
- re-think water buy backs,
- develop new systems for dealing with cumulative impacts,
- protect environmental water,
- implement strategic planning, improve models and tools for participation in water governance,
- ensure full recognition of Indigenous interests and
- capitalise on successes and avoid past mistakes if northern development is pursued.

It is abundantly clear that water policy reform has stopped in Australia.

Governments appear to be asleep at the wheel while we face major emerging issues that will determine how well we manage our scarce water resources into the future. Water security is critical to all of life and having a modern progressive policy platform that manages it with economic efficiency and with resilience against the shocks of droughts, floods under changing climate is a cardinal foundation for us all.

Changing climate will have a major impact on both availability of water and the demand for water across Australia. Climate change needs to be brought to the forefront of water planning and water use decisions so that water users, governments and investors can make long-term informed decisions on investments and adaptation options.

The mining and petroleum industries, carbon sequestration methods and all energy generators, must sit within new national water reforms so that water is consistently managed across all sectors. The nexus or interplay of food, water, energy and the environment are clearly emerging issues that need to be addressed in their entirety by progressive policy reform. Currently they are not.

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 evaporate.

Come on. Australians deserves better.

We have the knowledge and experience in our industry and institutions. What we need now is for our politicians to show courage and leadership. I urge all Australian governments to take the long view and guarantee our water security in this new climate regime by recommitting to water reform through a new, broader set of national agreements.

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.

For many, the 2014 budget decision to abolish the NWC is all the more surprising in light of an independent COAG review of the Commission only two years ago.

Following the review and the subsequent Senate debate on renewing the Commission, Senator Birmingham (then Shadow Parliamentary Secretary at that time) 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. Then despite pleas from all sectors of the water industry the NWC was abolished in 2015. So what has changed so much in the 2012 to 2015 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?

The Productivity Commission's current review of Water Reform in Australia is currently our only hope. Hope that it will give Governments some indication the urgency and points to ways forward. But will Government Listen?

It must if all our hard-won investments in reform are not to be squandered. We must build on our impressive record to prepare for the future with foresight.

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 but to act individually and collectively to ensure our rich achievement in water reform is not destroyed.

Managing water scarcity in our highly variable climate under the impacts of climate change will remain a demanding challenge for Australian governments. Whether we are prepared to meet that challenge will shape our economic prosperity, social wellbeing and environmental health. Witness the shambles in energy policy and the dire economic consequences.

Join me in making sure this does not happen in Water policy. It will happen if we don't act.

Now some ways forward:

In particular ATSE calls on the governments of Australia to develop and commit to a new decadal strategy for national water management. All levels of government need to work together to avoid a future water crisis.

ATSE calls on all the governments of Australia to develop and commit to a decadal strategy for national water reform that will ensure secure, sustainable, and equitable water supplies for Australian communities, industries and the environment. Such a decadal strategy for national water reform should:

- **Fund an independent expert body with the skills to reinvigorate and drive progressive water reform, and assess governments' progress against the decadal plan.**
- **Invest in water quality and quantity monitoring to provide water planners and managers with essential evidence to support their decision making.**
- **Invest in strategic water research and development that supports evidence-based water planning and integrated catchment management.**
- **Mandate the explicit consideration of climate change impact on water planning and investment decisions.**
- **Develop improved national policy principles and guidelines for integrated, holistic environmental water management and planning including national principles and guidelines for the development of new irrigation infrastructure, including dams. This has to include the use of WUE subsidies to return water to our rivers. It cannot work. Elementary hydrology tells you it cannot work.**
- **Revitalise urban water policy and governance to facilitate consider the potential for direct potable reuse (DPR) of recycled water in drinking water distribution systems.**
- **Drive widespread implementation of the National Groundwater Strategic Framework.**
- **National principles for water management in the mining and gas sectors so to ensure consistent and equitable management of water across all sectors of the Australian economy.**
- **Deliver national action on water rights for Australia's Indigenous peoples.**
- **Include all levels of government, and regional catchment bodies and authorities.**
- **Introduce regular, independent, transparent, and effective auditing of water reform processes.**

Continued pursuit of the next generation of national water reform should be a whole-of-government issue for States, Territories and the Commonwealth. Above all, effective auditing and feedback into the reform process is critical to its ongoing success.

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