



Australian Government

Department of Climate Change, Energy,  
the Environment and Water

# Discussion paper – Seeking views on a future national water agreement

March 2024



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### **Acknowledgement of Country**

We recognise the First Peoples of this nation and their ongoing connection to culture and country. We acknowledge First Nations Peoples as the Traditional Owners, Custodians and Lore Keepers of the world's oldest living culture and pay respects to their Elders past, present and emerging.



We recognise the profound Cultural, spiritual, social, environmental and economic connections that Aboriginal and Torres Strait Islander Peoples have to their lands and waters and respect their custodianship and unique perspectives.





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## Background

Water is essential to the lives of all Australians – from the water we drink to the unique environments it sustains, the economy it supports and the deep connections it has to Aboriginal and Torres Strait Islander Peoples' Cultural identity. Due to variable rainfall, prolonged dry periods, and regular extreme weather from climate change, fresh water is becoming an increasingly pressured resource. It is important that use of Australia's water resources is sustainable. If not, the consequences will be evident in reduced water quality and damaged biodiversity. Ensuring security of adequate quantities of quality water is more important than ever.

Water resource management is a shared responsibility between the Australian and state and territory governments. This collaborative approach recognises that water resources cross state and territory boundaries, and achieving water security on a national scale requires an alignment of jurisdictional water strategies for sustainable use and equitable distribution.

States and territories have primary responsibility for management of water resources, providing water quality monitoring, regulation and reporting, and overseeing the development of water infrastructure. The Commonwealth provides overarching policy guidance, regulation, and support to ensure these efforts are coordinated and consistent with other water management approaches across Australia and, where possible, international best practice.

Australia can learn much from Aboriginal and Torres Strait Islander Peoples' holistic and sustainable management of water for more than 65,000 years. The interconnected environmental management techniques of Aboriginal and Torres Strait Islander Peoples are built on a foundation of Cultural science (thousands of generations of observation and experience) formed over millennia.

With our vast landscape and extreme climate, we face complex and emerging challenges in water management. The National Water Initiative, agreed to by the Commonwealth and states and territories in 2004, addressed some of these challenges on a national scale and put us on a path to achieving a more secure water future. However, we now face significant and ever-increasing challenges. The Australian Government is working to develop a new intergovernmental agreement on water to help secure Australia's water future.

### Seeking your views

The Commonwealth Department of Climate Change, Energy, the Environment and Water invites you to have your say on:

- the proposed objectives and desired outcomes that a new agreement might include
- what elements of the 2004 National Water Initiative should be included in the proposed agreement.

Have your say by submitting a response to this discussion paper or complete the [online survey](#).

Your feedback will be used to help inform the development of an intergovernmental agreement on water.

## In this discussion paper

This discussion paper is an early document for consultation. It is not a draft intergovernmental agreement. This discussion paper includes:

- background information on why we are working on an intergovernmental agreement on water
- details of the proposed objectives and desired outcomes that a new agreement might include.

This discussion paper can help inform submissions and responses to the survey.

## Purpose of a new agreement

The National Water Initiative laid the foundation for a more efficient, transparent and sustainable approach to water resource planning and management throughout Australia. The NWI has served Australia well for the past 20 years. A new national agreement seeks to build on the sound water management principles that were established in the NWI to address new and emerging water management challenges.

## A changing landscape in water management

### A changing climate

Since the NWI's inception, the effects of climate change have intensified, leading to less predictable and more extreme weather patterns. Longer and hotter droughts, devastating bushfires, increasing rainfall intensity leading to flash flooding and extreme floods are putting more pressure on the environment and water-dependent ecosystems. The changes in climate are not only threatening the health of our waterways, estuaries and wetlands, but also endangering the livelihoods and wellbeing of communities that rely on them, resulting in greater water insecurity. A new national agreement will support the Australian Government and state and territory governments to work together on strategies to address climate change more effectively.

### Increasing demand

There are many pressures, like population growth, that are increasing demands on water resources to support domestic, industrial and agricultural uses. Demands on water resources are in urban areas and across the landscape. Agricultural and energy sectors continue to expand, requiring more water for irrigation and power generation. Meeting the growing demand and ensuring water security for a wide range of uses within the constraints of our changing climate presents a significant challenge. A new national agreement must make sure that our water resources are balanced between competing demands, while ensuring water security for our environment and water-dependent ecosystems.

### Aboriginal and Torres Strait Islander Peoples' water interests

Aboriginal and Torres Strait Islander Peoples have holistically protected and managed Australia's land and water for 65,000 years, including through changing climates. The experiences, interests and knowledge systems of Aboriginal and Torres Strait Islander Peoples need to be elevated in water management decision making. Aboriginal and Torres Strait Islander Peoples need to have shared decision-making authority when discussions are underway, or policies are being developed and implemented, that affect their rights to own, access and manage water.



Consideration of original customary law and Torres Strait Islander Peoples' Ailan Kastom<sup>1</sup>, including knowledge and connection to lands and waters, is important to ensure the new agreement prioritises Aboriginal and Torres Strait Islander Peoples' Cultural, spiritual, social, economic, and environmental water interests. A new agreement can contribute to the realisation of targets and outcomes in the National Agreement on Closing the Gap, particularly the Community Infrastructure Target 9 and the proposed Inland Waters Target 15c.

## A need for effective water management

We need to prepare effectively for changes in water availability, increasing demand and the evolving needs of our diverse water users. A new agreement will support governments at all levels to implement policies to address these critical issues. Among others, this is an opportunity to develop principles and guidance for improved and integrated management that includes stormwater, recycled water and desalinated water.

## Global commitments and sustainability

A new agreement will strengthen Australia's commitment to international obligations, such as Sustainable Development Goal 6, the United Nations Framework Convention on Climate Change Article 4(e), the United Nations Declaration on the Rights of Indigenous Peoples Articles 19, 25, 26, 27 and 32, and the new Global Biodiversity Framework Targets 2, 3 and 11. These commitments require comprehensive and sustainable water resource management. A new agreement shows Australia's dedication to these goals and provides us the opportunity to continue to lead by example in water resource management to ensure all Australians have access to a reliable supply of adequate quality water.

### An aligned approach to water management challenges

The new intergovernmental agreement will address these challenges by setting overarching objectives, outcomes and best practice principles for water management nationally.

In practice, this means all states and territories that are party to the agreement will use it to inform the development of their own jurisdictional water strategies. All jurisdictions, including the Commonwealth, will also develop action plans for how they intend to implement a new intergovernmental agreement on water in their jurisdictions.

### Building on the 2004 National Water Initiative

While a new agreement is required to address new challenges, it is important to retain the sound water management principles of the 2004 agreement. There are many parts of the 2004 agreement that are still important to the water management landscape and will continue to serve Australia well into the future, and some that will need to be modernised to account for current conditions and priorities.

The elements from the National Water Initiative have been mapped across the new objectives to ensure the new agreement builds on the trusted foundations from 2004. New priorities that have been identified as gaps under the old agreement have been added as new elements.

1. For Aboriginal and Torres Strait Islander Peoples, the terms 'customary law' and 'Ailan Kastom' represent a way of thinking and talking about our environment and water interests. 'Customary law' and 'Ailan Kastom' can be viewed as a Cultural framework that puts Country, family, knowledge, obligations, inheritance, property, and sustainability of landscapes (Country), at the very forefront of everything we do. These terms also give weight to ideas around consent and self-determination, which are central to ensuring Aboriginal and Torres Strait Islander Peoples are supported to access, own and manage water. *This description of customary law and Ailan Kastom has been developed by the Committee on Aboriginal and Torres Strait Islander Water Interests.*

## Progress to date

The Commonwealth Department of Climate Change, Energy, the Environment and Water has been working with states and territory officials through the National Water Reform Committee (NWRC), its sub-committees and also with the Committee on Aboriginal and Torres Strait Islander Water Interests (CAWI) to make sure a new proposed agreement builds on the 2004 NWI and will serve Australia well into the future.

We are drawing on the wealth of expertise and experience available to us to prepare a robust and adaptable intergovernmental agreement. This includes valuable insights provided by:

- the Productivity Commission's inquiries in 2017 and 2020
- experience and lessons learned from implementing the 2004 NWI
- implementation of cross-jurisdictional, state and territory policies
- ongoing feedback from Aboriginal and Torres Strait Islander Peoples, key stakeholders and the public.

We tested the direction of the new proposed agreement with key stakeholders and Aboriginal and Torres Strait Islander Peoples in early 2024. The feedback has informed this discussion paper.

## The way forward

The Australian Government is committed to delivering a new intergovernmental agreement on water this year. The timeline to achieve this includes:





## Proposed content of the agreement

We propose that a new agreement include:

- **Objectives** that the parties to this agreement will collectively work towards when managing our valuable water resources.
- **Outcomes** that the parties to this agreement will seek to achieve. The outcomes describe the changes that occur from achieving the objectives, will help to assess whether objectives have been met, and what impact the changes have had.
- **Principles** the parties to this agreement decide will guide effective and efficient ways to achieve the objectives and outcomes.

This discussion paper includes details of the proposed objectives and outcomes. The principles will be informed by this consultation and in work undertaken by the National Water Reform Committee, including its sub-committees and advisory committees. The Productivity Commission's current inquiry into national water reform will also help inform the development of this agreement.

Figure 1.1 shows the proposed structure of the agreement, where the overarching objectives for national water reform are supported by outcomes and the best practice principles. Action plans will be developed separately to the agreement to allow flexibility to adapt plans as new challenges arise.

**Figure 1.1**

### Overarching vision for reform – context and narrative



## Objectives

Figure 1.2 shows the seven objectives that have been proposed for the new agreement. The objectives are intended to work together as a holistic package to deliver national water reform priorities.

**Figure 1.2** National Water Agreement











# Objective 1

## Securing water for all uses

### Objective

The safe and secure supply of sufficient water quality and quantity to sustain our natural environments, Culture, economic prosperity and communities.

As Australia confronts a changing climate and growing water demand, prioritising the development, management and conservation of secure water sources is imperative to meet the diverse needs of the nation and maintain and promote sustainable development. The availability of reliable water of suitable quality is essential for community health and wellbeing, supporting economic productivity and maintaining ecological balance. It is foundational for Aboriginal and Torres Strait Islander Peoples' health, Cultural practices, and sustaining traditional connections to the land. Water is crucial to move to a low-carbon future and in broader climate mitigation efforts. Exploring the opportunities available for all water supply options will help to support our water security ambitions.

Meeting growing demands while ensuring adequate supplies of acceptable quality water is a significant challenge and involves balancing competing demands for a finite resource and the trade-offs that occur as a result.

### In this objective

In addition to these outcomes, this objective will include principles that cover:



Water security



Water in cities and towns



Water pricing



Water quality



Planning for water use across all sectors.

### Outcomes

- All Australians, including regional and remote communities, have reliable access to clean, safe, accessible and affordable water for drinking and sanitation.
- Water for communities provides for the diverse water-related needs of regional, urban and remote areas, encompassing quantity, quality, affordability and access, to be met over time and under changing supply and demand profiles.
- The management of environmental water supports maintaining, restoring and sustaining the health and integrity of the natural environment and water-dependent ecosystems. The Cultural, spiritual, social, economic and environmental requirements of Aboriginal and Torres Strait Islander Peoples is supported through enduring and accessible water of acceptable quality and secure quantity.
- Water provided for productive use and essential economic activities is of adequate supply and acceptable quality while maintaining the ecological health of Australia's natural environments.
- The Australian urban sector provides safe, secure and resilient water, wastewater and stormwater services to all Australians in an economically efficient and sustainable manner – contributing to our growing economy, meeting the diverse and growing needs of customers and communities, and providing security and resilience in the face of climate change.
- Liveable and prosperous cities and towns are supported by water provision that:
  - » delivers public health outcomes and preserves and enhances urban green spaces and environments
  - » uses integrated approaches to water supply options through the balanced management of surface water, groundwater and other water sources
  - » implements circular economy principles that maximise the full value of water and minimise waste and inefficiencies.
- The challenges and interdependencies of water availability demands across all sectors, including energy, food security, health and regional planning are addressed through policies that reflect those linkages.



## Objective 2

### Supporting Aboriginal and Torres Strait Islander Peoples' water interests and values

#### Objective

A water management framework, underpinned by national and international human rights principles<sup>2</sup>, which recognises and protects Aboriginal and Torres Strait Islander Peoples' Cultural, spiritual, social, environmental and economic water interests and values.

All governments recognise the importance and value of Aboriginal and Torres Strait Islander Peoples, their traditions, knowledge, and contributions to environmental management. This agreement actively prioritises Aboriginal and Torres Strait Islander Peoples' decision making, involvement and influence in water management and planning to ensure inclusion and respect for their unique perspectives, autonomy, Culture and traditions. It will integrate their Cultural, spiritual, social, environmental and economic interests into water planning and management decisions and support frameworks that allow for different models of water ownership and use.

#### In this objective

In addition to these outcomes, this objective will include principles that cover:



Aboriginal and Torres Strait Islander Peoples' ownership and management of water



Aboriginal and Torres Strait Islander Peoples' involvement in decision making.

#### Outcomes

- Aboriginal and Torres Strait Islander Peoples are recognised and respected as the custodians and knowledge holders of the lands and waters of Australia.
- All Australian governments actively move toward establishing an enduring and respectful connection to all First Nations. This includes ensuring the provision of accessible and secure quality and quantity of water for Aboriginal and Torres Strait Islander Peoples.
- Water reform elevates Aboriginal and Torres Strait Islander Peoples' Cultural, spiritual, social, environmental and economic water interests and delivers world-leading strategies that build capacity and provide opportunities for Aboriginal and Torres Strait Islander Peoples to honour their customs and moral obligations to care for, manage, own and protect water.
- Aboriginal and Torres Strait Islander Peoples' scientific knowledge, data sovereignty, innovation and customs inform the development of water plans and provide a framework for Aboriginal and Torres Strait Islander Peoples to practice their inherent obligations to care for and protect waterways and anabranches, submerged landscapes, water-dependent heritage sites, wetlands, lagoons, billabongs and aquifers.
- Water planning and management processes consider Aboriginal customary law and Torres Strait Islander Peoples' Ailan Kastom, encompassing Cultural, spiritual, social, environmental and economic rights, in policy and decisions.
- All engagement with Aboriginal and Torres Strait Islander Peoples regarding water management embeds the principle of free, prior, and informed consent.

2. International declarations include United Nations Sustainable Development Goal 6, United Nations Declaration on the Rights of Indigenous Peoples, Ramsar Convention on Wetlands of International Importance, and Kunming-Montreal Global Biodiversity Framework.





## Objective 3

### Climate resilient water management

#### Objective

Environmentally sustainable water planning and management that is interconnected, adaptive and responsive to climate change and other circumstances.

Water planning sets the balance between consumptive and environmental uses in a water system. It determines an environmentally sustainable level of take for the water resource under different conditions, and the rights and obligations of water rights holders. It is an important mechanism that assists governments and the community to make decisions regarding water management and water resource allocation to meet environmental, social and economic objectives. This promotes water supply security, investment confidence, and the sustainable and efficient use of water.

With the evolving challenges posed by climate change, including system stressors such as longer and hotter droughts and an increase in the frequency and intensity of storms, floods and bushfires, there is a critical need for water management that is flexible, interconnected, sustainable and climate resilient.

The impacts on water extend beyond surface and groundwater systems, and water planning must also consider the relationship between actions on land regarding water.

Climate change also disproportionately affects Aboriginal and Torres Strait Islander Peoples due to their close connection to the land and water. This connection can be negatively impacted by disruptions in ecosystems and increased frequency of extreme weather events, which can disconnect them from Country, and affect their health and wellbeing.

Planning must account for climate change and other changes to water resource conditions. A precautionary approach is needed, incorporating climate change into the management of water, including for relatively undeveloped systems. Management processes need to provide certainty for users and communities including how any reviews of catchment conditions will be undertaken.

#### In this objective

In addition to these outcomes, this objective will include principles that cover:



Water planning



Interception



Catchment management/integrated management of water and land



Integrated management of environmental water



Groundwater management



Undeveloped systems.

## Outcomes

- Ongoing water management efforts demonstrate a commitment to adaptability, acknowledging the necessity of adjusting policies and processes to address reduced water availability, and embracing strategies that enhance sustainability and conservation amid evolving challenges.
- Water management frameworks enhance the resilience and adaptability of water systems to climate variability, including changes in precipitation patterns, temperature, and the frequency and intensity of extreme weather events.
- There is integration of water management across sectors and scales, recognising the interconnectedness of water resources with other natural systems and human activities.
- Water management frameworks support achieving net-zero emissions, and the need to mitigate climate change impacts without adversely affecting water resources.
- The sustainability and resilience of our water resources is supported by water planning and management that:
  - » prepares for a future climate in which variability is expected to exceed historical records
  - » uses firm pathways and open processes to return overallocated and/or overused surface and groundwater systems to sustainable levels of extraction and prevent relatively undeveloped systems from overextraction using a precautionary approach to the growth of water use
  - » accounts for the relative values placed by communities on environmental, social and economic outcomes to inform any necessary trade-offs transparently, based on evidence and through effective engagement
  - » clearly and transparently identifies circumstances that trigger reconsideration of existing water sharing arrangements under a water sharing plan or, where a water plan is not in place, the requirement for its development
  - » takes a risk-based approach to managing interception activities under water access right frameworks, including fit-for-purpose measurement and accounting, and monitoring of the ongoing effectiveness of the measures.
- Aboriginal and Torres Strait Islander Peoples' customary knowledge is incorporated into water management and supports Aboriginal and Torres Strait Islander Peoples to plan for, and adapt to, the impacts of climate change.
- Water plans provide certainty in managing extreme scenarios, including drought, through clear triggers, roles and responsibilities for action. They transparently define how water will be allocated and set out a hierarchy of uses that serves the greatest public interest by prioritising critical human water needs and environmental sustainability.
- The interconnected nature of actions on land and water is recognised through complementary management that minimises risks and maximises benefits to their collective health.
- Ecosystems and other public benefit outcomes are maximised, and risks minimised, through the management of surface and groundwater resources in highly connected systems as a single resource, and in connected catchments with consideration of downstream needs and impacts.
- Statutory and non-statutory provision of water for the environment protects, preserves and restores the health and integrity of surface and ground water dependent ecosystems, including wetlands and coastal environments.



## Objective 4

### Ensuring evidence-based decision making

#### Objective

The robust and coordinated use of science, data and Cultural knowledge underpins evidence-based decision-making in water management.

Effective water resource management relies on using the best available knowledge and evidence to inform decision making and adaptation. Transparency in the use of knowledge fosters public trust, crucial for effective governance that underpins all objectives in this agreement.

Central to this is ensuring that our knowledge and research programs are recognised as crucial to ensuring sustainable and resilient water systems. An ongoing commitment to relevant knowledge generation and its effective use is fundamental to enabling the Australian water sector to meet the challenges of climate change and population growth, to innovate and continue to improve management approaches. It allows decision-makers to make informed choices that optimise water allocation, mitigate risks and protect ecosystems.

Incorporating Aboriginal and Torres Strait Islander Peoples' traditional knowledge and wisdom, deep understanding of local ecosystems and sustainable practices, cultivated over generations, also informs a holistic approach to our understanding of water systems and management.

#### In this objective

In addition to these outcomes, this objective will include principles that cover:



Science and knowledge



Data and information



Modelling



Water data.

#### Outcomes

- Science and knowledge provide a basis for decision making, helping governments and regional resource managers understand the current state of water systems, anticipate future trends, assess the potential impacts of management strategies, and allocate resources among competing demands.
- Research and sampling data support long-term planning to develop sustainable water management strategies that consider current and future needs.
- Monitoring and data modelling play a key role in assessing the ecological health of water ecosystems through monitoring biodiversity, water quality and habitat conditions, helping to identify potential risks, such as droughts, floods and water quality issues, enhancing the resilience of water systems.
- Accurate data on water availability and demand contributes to the planning and design of water infrastructure, such as dams, reservoirs, and distribution systems, to ensure their resilience to, and mitigate the impact of, emerging challenges such as a changing climate and the demands of a growing population on their long-term effectiveness.
- Active and effective data and information sharing fosters collaboration among decision-makers, resource managers, industry representatives, urban and regional communities, and Aboriginal and Torres Strait Islander Peoples to understand water-related issues. This inclusive approach enhances stakeholder engagement, promoting collective efforts to address challenges and sustainably manage water resources.
- Aboriginal and Torres Strait Islander Peoples' perspectives and Cultural knowledge inform the development of strategies that honour their custodial role and obligations and actively contribute to sustainable water practices.
- Access to information on water management practices and outcomes empowers all stakeholders, Aboriginal and Torres Strait Islander Peoples and water users by providing insights into how decisions are made, including an understanding of the matters that shaped specific decisions.
- The identification of knowledge building priorities involves all jurisdictions and draws on input from the research community and users, supported by knowledge and research investments.





## Objective 5

### Transparent, strategic water infrastructure investment

#### Objective

Investment in major water infrastructure that is effective, strategic and transparent.

Australia's water infrastructure plays a crucial role in securing water supply to meet the diverse needs of communities, industries and ecosystems and contributes to the efficient management of Australia's water resources. As climate change impacts water resources, there may be increasing demands on governments to help communities and industries adjust to these conditions, particularly if there are critical shortages in a water system during drought.

Investment in infrastructure must be prioritised to deliver long-term solutions to the most critical water challenges. Transparency and accountability in this process increase certainty around decision-making and justification for investment. This agreement seeks to ensure that major water infrastructure investments are made judiciously and in alignment with water and other strategic long-term plans for a region or community. Engagement with affected parties, and planning for ongoing management, maintenance and lifespan requirements are critical to the operating success of these decisions.

#### In this objective

In addition to these outcomes, this objective will include principles that cover:



Investment principles



Transparent investment



Culturally responsive infrastructure.

#### Outcomes

- Investment in infrastructure is at the right scale, place and time to provide safe and reliable water for communities, access to essential town water supplies, and generate public benefit through productive use.
- There is a clear rationale for investment, supported by robust and transparent project risk assessments and decision-making processes, to demonstrate the strategic objectives behind the investment and show the value for money proposition.
- The investment should provide the highest net benefit of all options available, taking into account economic efficiency, financial and environmental sustainability, social and Cultural needs, and resilience to system changes.
- Governments demonstrate that:
  - » major water infrastructure forms part of an existing, comprehensive and public strategic plan, and that any necessary supporting infrastructure is (or will be) in place to maximise the benefits of the investment,
  - » the proposed project is the most effective means of addressing an objective, in alignment with the long-term strategic regional planning processes, and
  - » infrastructure developments are culturally responsive by incorporating effective engagement with the recognised Traditional Owners of potentially affected areas and taking into account impacts on cultural heritage in affected areas.



## Objective 6

Sustained community trust and confidence in government, water agencies, water managers and users

### Objective

Sustained community trust and confidence in government, water agencies, water managers and users.

The successful implementation of water policies and initiatives depends on public trust and confidence. This trust and confidence must be built through concerted effort over time in communities that have been impacted by water reform, and these efforts must be ongoing. Trust depends on a shared understanding of issues, even when agreement may not always be found. Development of the right solutions for the vastly different water management challenges that are faced relies on effective public engagement and clear communication between all parties. This supports the development of a shared understanding of solutions.

Certainty and transparency in water management supports communities to place trust in how governments and water agencies will act and in the decisions they make. This in turn leads to better water stewardship – compliance with regulations, participation in water conservation efforts and support for policies that ensure sustainable water use. Community confidence that governments are ensuring water users comply with management and allocation frameworks builds social license for consumptive uses.

Robust monitoring and reporting of management objectives are crucial to sustainable and effective water resource management. They measure success, inform compliance programs and hold all parties accountable. They also facilitate adaptive management and provide the ability to make informed and timely decisions to address emerging issues and ensure policies and processes reflect contemporary water resource needs. This flexibility is crucial in the face of the dynamic factors that affect water resources so strategies can be adjusted in response to changing conditions and new information.

### In this objective

In addition to these outcomes, this objective will include principles that cover:



Community engagement and water literacy



Trust in water management



Transparent communication



Monitoring, evaluation and reporting



Compliance



Assigning risks for changes in allocation.

### Outcomes

- Communities are engaged effectively before decisions that will impact them are made and provided with sufficient relevant information.
- Confidence in the management of our water resources is built and maintained through practices that reflect the values and needs of communities, Aboriginal and Torres Strait Islander Peoples, the environment, and industries that rely on it.
- Access to information on water management practices and outcomes improves water literacy and empowers stakeholders, including regulatory agencies and water users. This accessibility and transparency enhance decision-making processes by providing crucial insights into how decisions are made, including an understanding of the information that shaped specific decisions.
- Public trust and stewardship are built through an understanding of water availability/resource condition, use, context and shared risk in terms of water governance, balance, quality and other related areas.
- Progress towards achieving water management objectives is demonstrated through robust and transparent monitoring, reporting and evaluation.
- The early detection of potential problems and adaptive management are facilitated through integrating continuous monitoring and evaluation of progress into the design of programs and policies.
- Aboriginal and Torres Strait Islander Peoples contribute to defining how the success of Australia's water reform journey is measured and help to facilitate thorough, regular and Culturally respectful assessments.
- Water rights holders' awareness of their obligations is supported through compliance and enforcement systems that focus on proactive regulation and water user accountability.
- Certainty for water rights holders is provided through clear provisions to allocate risks for reductions in the availability of water for consumptive use.



## Objective 7

### The efficient use of water

#### Objective

Water management frameworks that facilitate the efficient use of water.

The productive and sustainable use of Australia's water resources relies on water management frameworks that allocate water for use, provide certainty about the conditions under which water can be accessed and used, incentivise innovation and efficient use, and enable water users to adapt to change.

Efficient water management frameworks seek to balance competing demands for water, taking into account factors like environmental sustainability, economic efficiency and social equity, while safeguarding the long-term availability and quality of water resources for current and future generations.

The framework within which water is allocated attaches rights and responsibilities to water users – a right to a share of the water made available for extraction at a particular time, and a responsibility to use this water in accordance with conditions set by government. Likewise, governments have a responsibility to ensure that water is allocated and used to achieve socially, culturally and economically beneficial outcomes in a manner that is environmentally sustainable.

Water markets are a valuable risk management tool for business, enabling more certainty in decision-making, providing flexibility in dealing with changing conditions and strengthening capacity to respond to change. Trade has allowed water to move between uses in line with market opportunities, and price signals have encouraged on-farm water use efficiency.

#### In this objective

In addition to these outcomes, this objective will include principles that cover:



Water use efficiency and innovation (demand management)



Water markets and trading



Secure water access rights



Water accounting.

#### Outcomes

- Water rights holders have confidence to use water access rights for a range of business purposes because water management frameworks provide secure water access rights, define the essential characteristics of the rights, the conditions of use, and clearly assign risks for future changes to the resource.
- Water can be transferred between uses efficiently and cost-effectively in response to business drivers, community needs, and changing climatic factors.
- Where water markets are in place, water management frameworks promote opportunities for trade and facilitate the efficient operation of the markets by minimising transaction costs and enabling access to market information.
- Where water markets are in place and hydrologic connection permits, markets operate free of restrictions, except where they are needed to manage environmental impacts or provide appropriate protection for third party interests.
- Water rights holders and the community have confidence in the integrity of water access rights because they are underpinned by water registers that provide a secure and accurate record of water entitlement ownership, and the price and location of trades.
- Water rights holders and the community have confidence in the amount of water being traded, extracted for consumptive use and managed for environmental and other public benefit outcomes because adequate measurement, monitoring, compliance and reporting systems are in place.
- The efficient use of water is promoted through appropriate incentives and regulations to influence demand.





## Next steps

### Step 1

This public consultation is an important step to developing an intergovernmental agreement on water. We invite all Australians to have your say.

### Step 2

Following consultation, the Commonwealth Department of Climate Change, Energy, the Environment and Water will seek agreement from all state and territory governments and work with them to produce a draft intergovernmental agreement to take to water ministers.

### Step 3

Once agreed, there will be further public consultation on the development of action plans to implement this agreement in each jurisdiction.

## More information

Learn more about the [National Water Initiative](#).

Email [NWI@dcceew.gov.au](mailto:NWI@dcceew.gov.au)

