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## Section 1 - Review by the Chair and Chief Executive Officer

### Review by the Chair and Chief Executive Officer

This year, the Commission delivered to the Prime Minister and the Council of Australian Governments (COAG) the most comprehensive assessment to date of the progress of national water reform. This second biennial assessment of progress in implementing the National Water Initiative (NWI) —[Australian water reform 2009](#)—contained more than 100 findings and made 68 recommendations.

Drawing on the findings in this independent report, Commissioners called for urgent action to accelerate the pace of reform and resolve the overallocation of water resources. At the same time, the Commission highlighted the scale of adjustment pressures ahead for water-dependent industries, communities and individuals, emphasising the importance of giving them the clarity and confidence they need for long-term planning in a world affected by climate change.

Importantly, the messages in Australian water reform 2009 resonated with key stakeholders, many of whom welcomed and endorsed its findings. COAG agreed to 'redouble its efforts to accelerate the pace of reform under the National Water Initiative', and the Commission looks forward to its detailed response in 2010.

During 2009–10, the Commission published its fourth report on the performance of urban water utilities, its third report on the performance of rural water providers, and a second annual water markets report. These national 'report cards' are now providing valuable insights into trends in industry and market performance, promoting greater transparency in the water sector.

Mindful that it is just as important to consider the economic and social impacts of reform, the Commission also produced its inaugural report on the impacts of water trading in the southern Murray–Darling Basin. Released in June 2010, this publication presents a comprehensive assessment of the impacts of water trading from 1998–99 to 2008–09. The report shows that water trading is a major success story for water reform in Australia, providing significant economic, social and environmental benefits.

Meanwhile, the Commission continued to provide leadership on pressing water reform issues through its position statements on sustainable levels of extraction, water interception, and water and mining. Other milestones were reached this year. The Commission published its 30th report in the Waterlines series of occasional papers and issued the 50th edition of its online newsletter Distilled.

Under the Water Act 2007, the Commission acquired a new ongoing function to audit the effectiveness of implementation of the Murray–Darling Basin Plan and associated water resource plans. Embarking on its new function, the Commission has started preparing the foundations for its future audits. In June 2010, the Commission submitted to the COAG Reform Council its assessments of progress by the Murray–Darling Basin states on their agreed reform commitments under the Water Management Partnership Agreements.

#### Program management

Under the \$250 million Raising National Water Standards (RNWS) Program as at 30 June 2010, \$230 million had been approved for 175 projects. During the year, an evaluation of the RNWS Program was commissioned to assess opportunities to improve program management and enhance the program's impact. With this program now approaching full commitment, the Commission's focus is shifting away from the assessment of investment opportunities towards optimising impacts from research outputs. This is critical to ensure that the outputs of RNWS projects are taken up by end users to make the most of their potential to improve water management in Australia.

Looking ahead, the Commission is acutely aware of the coming challenge in managing a pipeline of projects that will deliver many products and outputs over the final two years of the RNWS Program. This will require rigorous program management, as well as an increased emphasis on integration and knowledge adoption. These considerations underscore the Commission's future business planning and are being supported by structural changes and organisational improvements undertaken in 2009.

#### Collaboration and stakeholder engagement

As with any ambitious reform agenda, it is essential to build consensus and alliances to achieve change. To progress its objectives, the Commission collaborates extensively with NWI parties and their corresponding federal, state and territory government agencies; water sector stakeholders; and science and research partners.

The Commission values the frank advice and input received from its Stakeholder Reference Group, which comprises 15 peak organisations representing environmental, irrigation and industry interests. On the water sector front, as well as continuing to build industry capacity, the Commission has helped drive international recognition for Australia's water skills and export potential. Backing its repeated calls for improved Indigenous engagement in water planning, the Commission established the First Peoples' Water Engagement Council, which met for the first time in June 2010.

In working to achieve its water reform outcome, the Commission acknowledges the states' and territories' crucial contributions, as well as those of the Australian Government through the Department of the Environment, Water, Heritage and the Arts, the Murray–Darling Basin Authority and the Bureau of Meteorology, especially in the areas of securing water for the environment, developing the Basin Plan, and delivering Australia's water information systems.

#### Our people

Once again, I would like to thank Commissioners for their commitment. Their expertise, independence and rigour underpin the Commission's assessments, advocacy and advice.

As one of the smallest Australian Government bodies, the Commission meets its many statutory and operational obligations with a contingent of around 50 staff. The accomplishments cited in this report therefore stand as a tribute to their drive and dedication.

#### The future

The year ahead will be more challenging than ever given the Commission's forward commitments in 2010–11. We will continue to:

- provide thought leadership in difficult and novel areas of water reform
- deliver 'transparency reports' to illuminate opaque or poorly understood issues in water management
- manage a burgeoning pipeline of practical products to improve water management, such as decision-making tools and good practice guides.

At the same time, the Commission will produce its third biennial assessment of progress under the NWI. Under the National Water Commission Act 2004, the Commission is also charged with reviewing the NWI comprehensively. This includes assessing the extent to which NWI actions have improved the sustainable management of Australian water resources and contributed to the national interest, and the impact of implementation on regional, rural and urban communities.

On top of these demanding undertakings, a review of the Commission itself will commence in late 2010. The National Water Commission Act has a sunset date of 30 June 2012, and provides for a review of the Commission by the end of 2011 to determine whether the Act should be extended beyond its current cessation date.

The Commission welcomes this review and is proud of its achievements over the past five years, which are outlined in the next section of this report. Whatever the review's outcome, it is clear that Australia's ambitious, world-leading water reform journey is far from complete. Commissioners are convinced that further reform is imperative to advance the national micro-economic reform agenda and deliver enduring benefits for the environment and the community.

In presenting this annual report, I welcome comments and feedback from individuals and organisations who share our interest in meeting the water reform challenges that are essential for Australia's future wellbeing.

**Ken Matthews**

Chair and Chief Executive Officer

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