



Submission to the Productivity Commission
National Water Reform 2026 Inquiry

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1. Introduction

Water Stewardship Asia Pacific (WSAP) welcomes the opportunity to provide a submission to the Productivity Commission's National Water Reform 2026 inquiry.

WSAP is a not-for-profit organisation working at the interface of government, industry, water utilities and communities to strengthen water governance, improve water quality outcomes and support climate-resilient water management. Our work spans urban, industrial and catchment contexts across Australia and the Asia-Pacific region, with a strong focus on implementation, coordination and stewardship in practice.

This submission draws on WSAP's direct experience supporting governments, regulators, basin organisations, water utilities and water-using industries to operationalise water reform objectives on the ground.

2. Part A – NWI Assessment

2.1 Observations on Progress since the 2024 NWI assessment

From WSAP's perspective, the central challenge for national water reform remains the gap between policy intent and implementation.

Where progress is evident

- National frameworks under the NWI — and now the National Water Agreement — continue to provide a strong policy foundation.
- Some jurisdictions have strengthened urban water risk assessments, water accounting and strategic planning, particularly in response to climate risk.
- There is increasing recognition of First Nations water interests, although this is not yet consistently embedded in governance and decision-making.

Where progress remains limited

Across WSAP's work, we continue to see:

- Weak specification and tracking of water quality outcomes, particularly for wastewater and diffuse industrial and urban pollution.
- Fragmented responsibilities across environmental regulators, State Government Departments, water agencies and utilities, basin organisations and planning authorities, leading to unclear accountability.
- Data gaps and limited information sharing, constraining adaptive management and community trust.
- Continued erosion or dilution of cost-reflective pricing principles in some jurisdictions, undermining long-term service sustainability.



- Significant under-funded mandates of Regional Councils (e.g. in Queensland) for water supply and wastewater services to regional and remote communities.

These challenges are typically not due to an absence of reform frameworks, but to coordination, capacity, capability and implementation gaps.

2.2 Key Barriers and Emerging Risks

Based on WSAP's work across Australia:

- Industrial and diffuse pollution remains under-addressed, despite being a major driver of catchment degradation and water quality decline. The limited scope and frequency of monitoring, inadequate capital commitments and lack of capacity to prosecute illegal discharges are barriers to change.
- Climate change is increasing both supply and water quality risks, yet climate impacts on water quality remain insufficiently integrated into planning, regulation and service delivery.
- Emerging contaminants, expose weaknesses in existing governance, regulatory design and funding arrangements.
- Community and First Nations participation often remains consultative, rather than embedded in ongoing governance, monitoring and accountability structures.

2.3 Priority Reform Actions (Next Three Years)

WSAP suggests national water reform efforts would deliver the greatest benefit by prioritising a small number of implementation critical actions:

1. Strengthen basin-scale coordination for water quality and wastewater, with clearer roles, responsibilities and accountability across agencies and service providers.
2. Make water quality outcomes explicit, measurable and reportable, including for industrial and urban wastewater, not only water quantity.
3. Improve transparency and shared data systems to support evidence-based regulation, adaptive management and enforcement.
4. Embed equity and First Nations participation in governance, moving beyond strategy documents to practical decision-making and oversight roles. With increased governance roles for First Nations representatives comes the necessity to reinstate equity in water allocations and a clear pathway to reversing Aqua Nullius.

3. Part B - Secure, Resilient and Sustainable Water Services

WSAP's engagement with water utilities, regulators and industrial water users indicates that current water service arrangements are under growing pressure from:

- increasing climate variability and extreme events,
- ageing infrastructure and capital renewal backlogs,
- affordability pressures on households and businesses,



- rising public expectations around environmental performance.

Without strengthened governance and investment settings, these pressures risk being shifted to future customers or communities.

3.1 Theme 1 - Pricing, Economic Regulation and Customer Engagement

Where independent economic regulation is strong, transparent and insulated from short-term political intervention, WSAP consistently sees improved outcomes in terms of:

- asset stewardship,
- long-term planning,
- clarity around trade-offs between cost recovery, service reliability and affordability.

Broad price suppression, by contrast, often results in deferred maintenance, reduced resilience or sharper future bill shocks. WSAP supports cost-reflective pricing as the default, with affordability addressed through targeted, transparent support mechanisms rather than system-wide price distortion.

Water stewardship and shared responsibility

Water Stewardship Asia Pacific has seen growing value in approaches that promote shared responsibility for water efficiency and resilience, alongside traditional utility-led and supply-side responses.

Through the Water Stewardship Water RoadMap, WSAP is supporting water utilities to engage customers - including households, businesses and institutions - to improve water efficiency, increase awareness of water quality and climate risks, and encourage community-led and collective actions at catchment and neighbourhood scales.

The Water Roadmap is also being used by a State Government to assess local government preparedness for climate-related water risks, helping to identify gaps in local councils' planning, coordination and capability. This has revealed substantial variation in readiness across councils, particularly in relation to climate impacts on water services, water quality and community resilience.

WSAP's experience suggests that stewardship-based tools which create a shared and transparent view of risk and preparedness can materially improve coordination between utilities, councils and state agencies, strengthen demand management, and support more resilient long-term service outcomes.

3.2 Theme 2 & 3 - Governance, Equity and Regional Considerations

WSAP's work in regional and industrial contexts highlights that:

- regional and remote providers face structural disadvantages that require explicit recognition in funding and governance arrangements, rather than ad-hoc grants;
- outcomes improve when communities - including First Nations communities - are involved in ongoing governance, monitoring and accountability, not only consultation.

Alternative models such as regional collaboration and shared services can improve performance where they are locally designed and supported and aligned with community priorities. Interfaces for





private sector support that prioritise procurement efficiency, tenure and expediency need to be developed

4. Closing Remarks

Australia's water reform framework remains strong, but delivering its objectives in practice will increasingly depend on how effectively reform is implemented at catchment scale, and how well it reflects the principles of responsible water stewardship.

From Water Stewardship Asia Pacific's experience, responsible water use must be environmentally sustainable, culturally and socially equitable, and economically beneficial over the long term. These outcomes cannot be achieved through regulation, infrastructure or pricing alone. They require inclusive, collaborative processes that engage governments, utilities, water users, communities and First Nations peoples as shared custodians of water resources.

Water stewardship approaches recognise that water risks and opportunities are inherently collective and place-based. Action taken at catchment scale - grounded in local knowledge, supported by transparent data, and aligned with national frameworks - is essential to improving water quality, managing climate risk, strengthening service resilience and building public trust.

Water Stewardship Asia Pacific encourages the Commission to frame its recommendations in ways that:

- strengthen accountability for environmental, social and economic outcomes together,
- support inclusive governance and shared responsibility,
- enable coordinated, catchment-scale action across jurisdictions and sectors, and
- complement economic regulation with stewardship approaches that mobilise communities and water users as part of the solution (formalising appropriate and sustained community engagement actions).

WSAP welcomes continued engagement as the inquiry progresses and would value the opportunity to contribute further insights from stewardship practice to support the next phase of national water reform.


Chief Executive Officer
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