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Productivity Commission
4 National Circuit Barton
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Dear Commissioners

On behalf of eWater Group, I welcome the opportunity to provide an initial submission to the Productivity Commission in response to the *Water Reform 2026 issues paper* released on 31 March 2026.

eWater has played, and continues to play, a significant role in supporting the implementation of the National Water Initiative (NWI) across Australia. Through our nationally-adopted water resource management tools, our technical expertise, and our partnerships with the Australian Government, state and territory governments, and local government, we have contributed to the design, delivery, and ongoing evolution of water management frameworks over the past two decades.

eWater is custodian and manager of Australia's critical scientific modelling tools: eWater Source™, which has been adopted by the Council of Australian Governments through its National Water Committee as the National Hydrological Modelling Platform, and eWater MUSIC™, Australia's leading tool for water sensitive urban design. These tools, and their contribution to systems designed to support quality, evidence-based water planning and operational decision-making are embedded across multiple Australian jurisdictions, supporting the consistent and transparent implementation of NWI principles. eWater Source is also used internationally, where it represents an admired and highly successful export of Australian knowledge, research and expertise.

Equally, eWater's people – consisting of water science specialists, software developers and professionals with communications, training and partnership-building expertise work closely with policy makers, regulators, and water managers to ensure these tools are applied effectively in practice.

eWater's core functions, responsibilities and capabilities relate to the Commission's request for information to support this inquiry as follows:

- ***Indirectly* to Theme 1 (pricing and economic regulation):** in order for governments to make decisions on pricing and the allocation of water rights amongst different users, it is critical to first understand how much surface water is likely to exist in basins and catchments at different points in time and under different climatic circumstances.

- ***Directly* to Theme 2 (governance, accountability and coordination):** eWater's water modelling platforms provide the information decision-makers need to make evidence-based decisions about the management of surface water and allow the transparent comparison of results across different jurisdictions using common and shared tools.

- ***Directly* to Theme 4 (national consistency and intergovernmental coordination):** eWater Source as the National Hydrological Modelling Platform ensures national consistency through common water modelling methodology, using the best available science and contemporary data sets. For transboundary water systems like the Murray-Darling (and the Mekong river basin in southeast Asia), it allows riparian governments to compare and share information to ensure that decisions made in one jurisdiction do not adversely affect the water needs of another. eWater MUSIC provides a common approach and baseline to modelling stormwater behaviour in urban environments and has become the consensus tool in water modelling underpinning the design water-sensitive urban developments and the assessment of individual development applications by local government and urban water utilities.

This submission outlines eWater's initial views on progress in implementing the NWI and the role that national modelling capability will play in addressing emerging challenges. We also signal areas where we will provide further detailed evidence in a subsequent submission following the Commission's interim update on the inquiry's progress in mid-2026.

Contributions to NWI Implementation

Over the past two decades, eWater has supported jurisdictions in translating NWI principles into practice, particularly in the following areas:

- **Use of environmental water:** Supporting planning, delivery, and evaluation of environmental flows through robust system modelling and scenario analysis.
- **Management of water entitlements:** Enabling transparent and consistent representation of entitlement frameworks and allocation trade-offs.
- **Water Resource Plans:** Providing modelling platforms that underpin plan development, compliance, and adaptive management.
- **Water accounting:** Improving consistency, traceability, and confidence in water accounting frameworks across jurisdictions.

These contributions have supported more transparent, evidence-based decision-making in increasingly complex and variable water systems.

Emerging Priorities and Future System Needs

The next phase of water reform in Australia will need to address new and compounding pressures that extend beyond the original scope of the NWI. We see a critical role for enhanced modelling and analytical capability in supporting:

- **Net zero transition impacts:** Understanding water demand and system implications associated with energy transition pathways.
- **New and growing water demands:** Including high-intensity users such as data centres and advanced manufacturing.
- **Climate resilience and water security:** Stress-testing infrastructure and operational frameworks under increasingly variable and extreme hydrological conditions.
- **First Nations water involvement and rights:** Supporting more inclusive planning approaches that incorporate cultural flows, access rights, and co-management arrangements.

These priorities highlight the need to evolve both the technical and institutional frameworks underpinning water reform.

Jurisdictional Progress and Divergence

National assessments of progress under the NWI have consistently highlighted variation in how jurisdictions have interpreted and implemented key commitments. While flexibility has enabled jurisdictions to respond to local conditions, it has also led to increasing divergence in approaches to water planning, modelling, and decision-making frameworks.

Recent developments continue this trend, including changes in the adoption and application of core modelling platforms across states and territories. For example, the Queensland Government has recently decided to step away from the utilisation and further development of Source as the established, nationally-adopted water modelling platform. Concurrently, the Tasmanian Government has recently decided to join and align with these national platforms and approaches. Meanwhile, the NSW, Victorian, South Australian and ACT governments have reaffirmed their long-standing commitment to further embrace and embed Source and MUSIC into their own regulatory, legislative and policy systems and processes. This one example illustrates that once-agreed common intergovernmental approaches still have the potential to diverge or converge within the national modelling landscape based on political decision-making within or between jurisdictions. Divergence will ultimately undermine the benefits of a national platform and its role in supporting the NWI, while convergence militates for national consistency and cooperation, and for greater efficiency (for example, in properly equipping a single national workforce of future water management professionals).

More specifically, divergence has several important, concrete negative implications for quality and consistent decision-making:

- **National consistency:** Reduced alignment in modelling approaches and assumptions can lead to differing interpretations of similar hydrological and policy challenges.
- **Comparability of planning outcomes:** Variations in methods and tools make it more difficult to compare outcomes across jurisdictions, limiting the ability to assess overall progress against NWI objectives.
- **Efficiency and collaboration:** Divergent systems increase the cost and complexity of cross-jurisdictional collaboration, knowledge sharing, and capability development.
- **Confidence and transparency:** Inconsistent approaches may reduce stakeholder confidence in water planning decisions.

Maintaining an appropriate balance between jurisdictional flexibility and national consistency will be critical. In our view, this requires a continued focus on interoperability, shared methodological foundations, and coordinated capability development, supported by nationally recognised tools and frameworks. Initiatives such as the National Hydrological Modelling Strategy and the recommendations of the Pathways to Implementation report are vital in guiding this national coordination and ensuring that differences between jurisdictions strengthen, rather than fragment, national water reform outcomes.

National Modelling Capability and Reform Priorities

We note the important role of the National Hydrological Modelling Strategy (NHMS) in strengthening Australia's modelling capability as a core enabler of contemporary water policy and reform. The NHMS was last reviewed, updated and reaffirmed at COAG level in 2022.

As water systems become more complex and subject to compounding pressures, including climate variability, emerging industries, and evolving governance expectations, the need for robust, integrated, and nationally coordinated modelling capability is increasing.

From eWater's perspective, there are key identified gaps across the national modelling landscape which should be addressed, including:

- Fragmentation of tools and approaches
- Ensuring smaller water service providers can access modelling tools and expertise
- Gaps in long-term investment and coordination
- Challenges in maintaining and evolving core modelling infrastructure

Addressing these gaps will be essential to ensure that modelling continues to support high-quality, evidence-based decision-making.

A 2023 independent review commissioned by the Commonwealth Department of Climate Change, Energy, the Environment and Water (DCCEEW), known as the *Partners in Performance* review, identified risks to Australia's modelling capabilities keeping pace with emerging policy demands, including climate adaption, water security and economic transition. The same review found that eWater Source was underfunded to meet governments' needs and expectations and that significant national investment was needed if eWater was to continue to deliver a National Platform that will continue to meet the increasingly complex and real-time needs of Australian governments.

In addition, eWater also believes:

- **Sustained national coordination is required** to avoid fragmentation and duplication of effort, and to maximise the value of existing investments in modelling tools and expertise; and
- **Investment in shared capabilities, tools, data, and people, should be prioritised** to support consistent, transparent, and scalable water planning across jurisdictions.
- **Investment in science and applying it to tools and technologies** to ensure tools are fit for purpose and respond to both current and emerging challenges.

Without coordinated action, there is a material risk of increasing fragmentation, duplication, and reduced confidence in water planning frameworks at a time when the demands on those frameworks are growing.

Next Steps

We intend to provide a further submission to the Commission that will expand on the issues outlined above, including:

- Our experience of the challenges faced by water service providers to access and maintain scientific modelling software and the risk of skills drain with the increasing reliance on consultants.
- The need to modernise scientific modelling platforms such as eWater Source™ and eWater MUSIC™ to meet the increasing challenges of our unique environment and the needs of Australian governments across all jurisdictions.
- Perception or lack of government oversight on stormwater management and reforms, including no independent review and standards for treatment devices.
- The benefits of national modelling standards for consistency and the protection of Australian national interests and intellectual property.

Australia's water reform agenda has delivered substantial benefits over the past two decades; however, the scale and complexity of emerging challenges will require renewed focus on capability, coordination, and inclusivity.

In our view, the next phase of reform should be underpinned by nationally coordinated investment in modelling capability, data integration, and inclusive water governance frameworks.

eWater has been a consistent enabler of NWI implementation across jurisdictions, and we see our role continuing to evolve as new challenges emerge. Ensuring that governments have access to robust, nationally consistent modelling capability will be critical to the next phase of water reform.

We would welcome the opportunity to engage further with the Productivity Commission as the inquiry progresses, including providing additional evidence or participating in consultations.

Yours faithfully

Group Chief Executive Officer
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