23 April 2026

To: Productivity Commission

Re: National Water Reform 2026

Introduction

Water is an essential resource, critical to our everyday life and also to industry. It is an essential resource significantly impacted by climate change, our drying climate and increased demand from agriculture, industry and a growing population.

Misuse, over extraction or contamination of our water resources create environmental and financial risks for Australians such as reduced water quality, ecological damage and increased costs of production for industry, as well as possible risks to human health. Poor management, over extraction and illegal taking of water threaten the long-term sustainability of our water supplies and create an uneven playing field for operators who are doing the right thing.

The Federal Government is looking for recommendations from the Productivity Commission (PC) that federal, state and territory governments and the water services industry can take to improve the security, resilience and sustainability of water services and support productivity and affordability through pricing, economic oversight and regulatory design, governance options and regional and equity considerations.

The PC is assessing progress under the 2004 National Water Initiative (NWI), including jurisdictions responses to findings and key priorities in the PC's 2024 NWI assessment. The objectives of the NWI were to increase the productivity and efficiency of Australia's water use, while returning surface and groundwater systems to environmentally sustainable levels of extraction.

The new National Water Agreement (NWA) seeks to build on the strengths of the NWI to address current and future water challenges. The Australian Government has signed the NWA. It is now a matter for each state and territory government to consider signing.

About AMEC

Association of Mining and Exploration Companies (AMEC) is a national peak industry body representing over 600 mineral exploration, mining, and related service companies across Australia. Our members are mineral explorers, emerging miners, producers, and a wide range of businesses working in and for the industry.

General Comments

AMEC requests continued consultation as state and federal governments amend water agreements and plans, to ensure there are no unintended consequences for industry. The development of mining projects is contingent on reliable, affordable and secure access to water. AMEC supports effective water management that permits sustainable development without disadvantaging any commercial or residential group.

AMEC members face overlapping policies and procedures, across state and territory jurisdictions, that address similar issues during project applications. These processes require scientific evidence of environmental impacts but are often undermined by limited expertise within governing bodies, and insufficient baseline data for effective risk-based decision-making.

Australia is currently facing challenges related to water managements, including fluctuations in rainfall and increased water consumption and demand. The NWA seeks to modernise the NWI and build on the strengths of the NWI whilst adding a focus on climate change, First Nations, and increased governance.

Given the population expansion in Australia, with two-thirds of Australians choosing to live in urban centres, there needs to be consideration of additional water provisioning to mitigate the risk of food security, amenity and demanded by industry.

The roles of government, regulators and service providers need to be codified further. More transparent and resilient frameworks are desirable, including strong inclusions of sustainable environmental stewardship outcomes and independent and measurable performance markers and minimum standards. These should be better managed as part of a national plan inclusive of all jurisdictions rather than a mosaic of poorly aligned policy objectives.

There is a focus by state and federal governments, and this review on improving and clarifying risk metrics and assessment frameworks, along with ensuring there are appropriate water policy and regulatory settings for a secure, resilient and sustainable water services industry. However, there is a lack of discussion about increasing water capacity, water capture and storage plans.

States and territories should have concerns regarding their concerns addressed before committing to the NWA. Water is an essential resource to sustain life and industry, and there should be a national commitment to managing this resource into the future.

In regard to the interconnected Murray-Darling Basin, and the Channel Country there has been disputes between the states and the federal Government over the flow of critical resources across borders. This causes ecological issues but also reduces water security to end users. Dispute resolution is fragmented, and any reforms in the space of national water plans and policies should address methods of dispute resolution between differing levels of governments.

The States and Territories should, if committing to NWA, ensure its resourced with a detailed NWA implementation action plan with defined milestones, publish it publicly, and report progress annually against it. This would ensure the transition from NWI to NWA strengthens rather than dilutes accountability.

Queensland

The Commonwealth *Water Act 2007* establishes a national framework prioritising Murray-Darling Basin management, national water information, and interstate market rules. The Queensland *Water Act 2000* implements this framework at the state level, focusing on local catchment planning, water entitlements, and infrastructure management. AMEC members often operate across multiple regulatory frameworks. However, the current framework does not address the Great Artesian Basins as comprehensively as the Murray-Darling Basin, and it fails to treat underground waters as an interconnected system.

Water trading across boundaries is complex and difficult to manage between the Murray-Darling Basin and state-based schemes. (Murray–Darling Basin water markets need comprehensive and focused reform, 2021) Water plans in Queensland often do not align with governance under the *Water Management Act 2000 (NSW)*, which aims to implement water-sharing plans, provide secure access, and encourage water trading.

There is a disconnect between state and national water legislation and coastal waters management. This is evident in how these laws interact with specific water uses and rights, such as fisheries management.

Western Australia

Western Australia (WA) needs to focus on continuous improvement of their water planning, commit to continued understanding of future needs including that of industry, and modernising its legislative and policy frameworks.

In 2023, the Western Australian Government decided not to proceed with long-planned legislative changes to modernise the system. Western Australia was investigating the plan to consolidate six separate pieces of water legislation into a single modern Water Resources Act. The consultation and reform process started in 2006 and was wound up in 2023, with an announcement that reform to water legislation was not proceeding and priority would be a more practical approach to water resource management, with a focus on supporting timely processing of licence application and investigations and helping the broader community to preserve its precious water resources. The stalling of this 17 year legislative reform programme is a key barrier to Western Australia's progress toward the National Water Iniatitive.

The other barrier is more fundamental: unlike the States adjacent to the Murray Darling Basin, Western Australia relies heavily on groundwater. With seventy-eight per cent of all water used across the State comes from groundwater aquifers. There is a sense that the National Water Agreement should more appropriately reflect that reality.

Water reform does continue in different forms. Recently, the State Government requested the Environmental Protection Authority to investigate water usage in the West Pilbara amid concerns that groundwater sources are being depleted.

Western Australia, in continuing its practical approach to water resource management should ensure there is a wholistic picture of water supply and sustainability across the state, and enforceable water plans.

Northern Territory

The Territory has two distinct areas of water management, with the top half receiving 95% of its rain in the wet season, and the lower half relying on large, fractured rock aquifers. A unique water context differing from neighbouring Murray Darling Basin systems and Western Australia. While these distinctions lead to challenges, coupled with a small but dedicated staff in a geographically dispersed jurisdiction, the Government(s) have progressively reformed to incorporate the various aspects of the National Water Initiative into the regulatory framework.

In July 2023, the NT Government commissioned Badu Advisory to review its legislative framework following a legislative modernisation programme. They found the Territory's water planning processes were consistent with the National Water Initiative, including planning, science, engagement, trading in plan areas, and Aboriginal water reserves. However, Indsutry has noted there are still some gaps with the Territory considering the appropriateness of statutory perpetual water rights, and fully independent economic regulation. Whether these gaps would improve the efficiency and effectiveness of the operation of water regulation in the Territory is an unanswered question.

The mineral exploration and mining Industry is supportive of the current water framework in the Territory.

Victoria

In Victoria, despite the construction of a $20 billion desalination plant in 2009, located approximately 140 km from Melbourne in Wonthaggi, there has been no new water storage facilities constructed in the state since 1984 (Thomson Dam) when the entire state's population was 2.9 million.

Melbourne alone is forecast to become the nation's most populous city, reaching 9.1 million by 2065-66, according to the Centre for Population projections that show Australia will reach well over 28 million people in 2026.

Well intentioned plans to improve water recycling capacity and supply need to be met with government action. The diminishing supply buffers require a bold plan to lift water supply and storage capacity both in metropolitan and rural areas. Recycling water also requires cheap energy which is increasingly proving elusive as renewables play an increasingly dominant role in Australia's energy supply mix. Inevitably this will lead to higher utility prices and bill shock for ratepayers and water users.

Compounding this is the inherent aging of existing water delivery and reticulation infrastructure. This is a vexed and multi-faceted problem with no quick solution and one that demands greater focus on policy clarity and a unified jurisdictional legislative and regulatory plan and oversight.

Victoria should be legislating a clear risk assignment framework specifying who bears the cost of reduced water availability under different scenarios: climate change, over-allocation correction, or policy-driven reallocations. This directly addresses the Productivity Commission's identified gap and aligns with NWI Clause 48–51 principles. Without this, investor confidence in long-term agricultural and environmental water holdings is undermined.

Victoria considers itself one of Australia's better-performing jurisdictions on NWI objectives however there are concerns for short-term acute risks, most predictably demographic pressures on supply security and storage capacity, are converging.

Recommendations

The states and territories once committed to the NWA, ensure along with the federal government, that resourcing is provided for a detailed NWA implementation action plan with defined milestones, agree to publish it publicly, and report progress annually against it. This could include a public water systems performance dashboard.

A focus on increasing water capacity, water capture and storage plans is also desirable.

Concluding remarks

Water is critical to everyday life, and to industry. The development of mining projects is contingent on reliable, affordable and secure access to water and for the federal and state governments to commit to ensuring the security, access and sustainability of water services.

Ensuring appropriate regulation of water is important for Industry and the development of Australia's economic opportunities. The Productivity Commission, and their review, have a key role in ensuring that Australia's national water regulatory framework incentivises an uplift in Australia's productivity.

For further information contact:

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