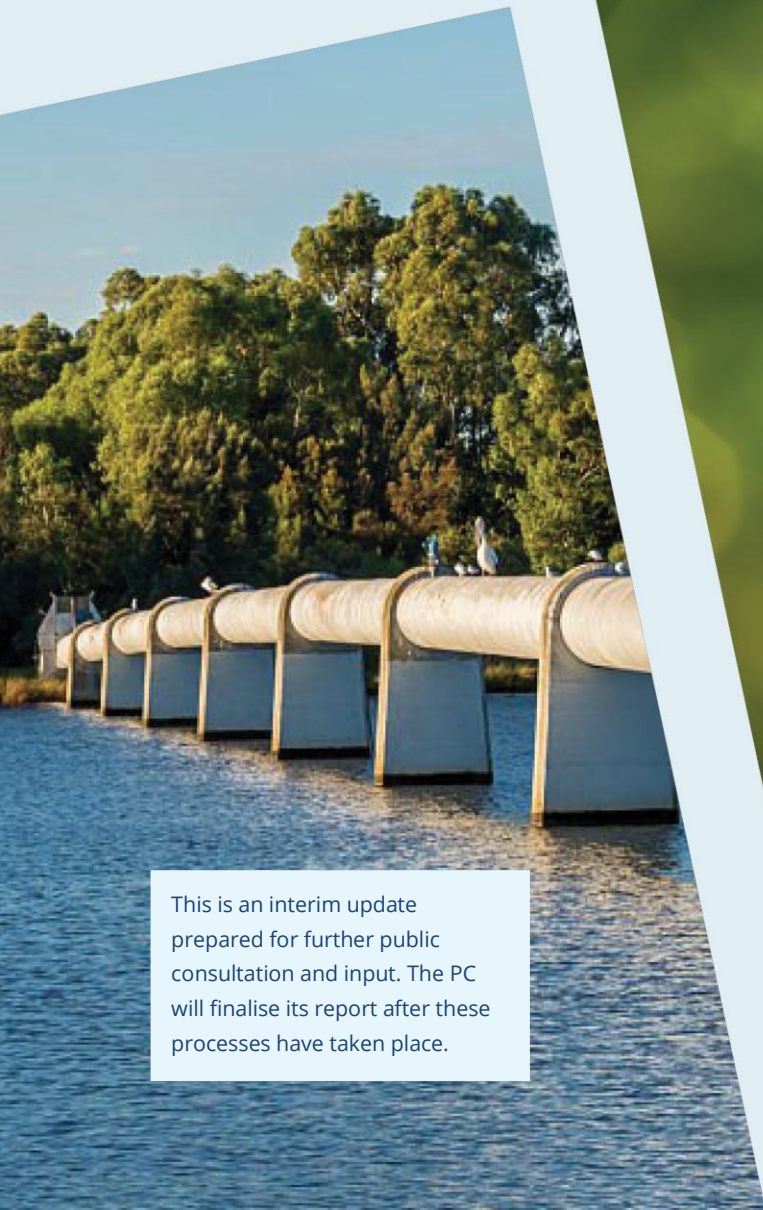




National Water Reform 2026: Preliminary assessment

Interim update



This is an interim update prepared for further public consultation and input. The PC will finalise its report after these processes have taken place.



July 2026

Acknowledgement of Country



The Productivity Commission acknowledges the Traditional Owners of Country throughout Australia and their continuing connection to land, waters and community. We pay our respects to their Cultures, Country and Elders past and present.

About us

The PC is the Australian Government's independent research and advisory body on a range of economic, social and environmental issues affecting the welfare of Australians. Its role, expressed most simply, is to help governments make better policies, in the long-term interest of the Australian community.

The PC's independence is underpinned by an Act of Parliament. Its processes and outputs are open to public scrutiny and are driven by concern for the wellbeing of the community as a whole.

For more information, visit the PC's website: www.pc.gov.au

Interim update

The PC has released this interim update for further public consultation and input and to assist individuals and organisations to prepare submissions to the inquiry.

Participants should not feel that they are restricted to comment only on matters raised in the interim update. The PC wishes to receive information and comment on issues which participants consider relevant to the inquiry's terms of reference.

The report was prepared using the assistance of AI tools for general research, refining text and consultation note taking. PC staff reviewed all outputs for accuracy and quality.

© Commonwealth of Australia 2026



With the exception of the Commonwealth Coat of Arms and content supplied by third parties, this copyright work is licensed under a Creative Commons Attribution 4.0 International licence. In essence, you are free to copy, communicate and adapt the work, as long as you attribute the work to the PC (but not in any way that suggests the PC endorses you or your use) and abide by the other licence terms. The licence can be viewed at: <https://creativecommons.org/licenses/by/4.0>.

The terms under which the Coat of Arms can be used are detailed at: www.pmc.gov.au/government/commonwealth-coat-arms.

Wherever a third party holds copyright in this material the copyright remains with that party. Their permission may be required to use the material, please contact them directly.

An appropriate reference for this publication is:
Productivity Commission 2026, *National Water Reform 2026: Preliminary assessment*, Interim update, Canberra, July

Contents

Opportunity for comment	iv
1. About the interim update	1
2. Our approach to assessing progress under the NWI	1
3. Water access entitlements and planning frameworks	4
4. Water markets and trading	7
5. Best practice pricing and institutional arrangements	9
6. Integrated management of water for environmental and other public benefit outcomes	13
7. Water resource accounting	15
8. Urban water reform	18
9. Knowledge and capacity building	20
10. Community partnerships and adjustment	22
11. Water interests of Aboriginal and Torres Strait Islander people	23
Appendices	
A. Submissions received	26
B. Stakeholder working group	29
C. Perspectives on the National Water Agreement	30
D. NWI element outcomes	32
E. Terms of reference	35
References	37

Opportunity for comment

The PC thanks all participants for their contribution to the inquiry so far and now seeks additional input for the final report.

You are invited to examine this interim update and comment on it by written submission or brief comment by **24 July 2026**.

Further information on how to provide a submission is included on the inquiry website:
www.pc.gov.au/inquiries-and-research/water-reform-2026/

The PC will prepare the final report after further submissions have been received and it will hold further discussions with participants.

Commissioners

For the purposes of this inquiry and interim update, in accordance with section 40 of the *Productivity Commission Act 1998* the powers of the PC have been exercised by:

Joanne Chong Commissioner

Paul Wyrwoll Associate Commissioner

1. About the interim update

This inquiry responds to the Australian Government's request for the Productivity Commission to undertake an assessment of jurisdictions' progress towards achieving the objectives and outcomes of the 2004 National Water Initiative (NWI). The objective of full implementation of the NWI is a nationally compatible, market, regulatory and planning-based system of managing water resources that optimises economic, social and environmental outcomes.¹

The PC was asked to:

- assess progress under the NWI in accordance with the requirements of the *Water Act 2007* (Cth)
- examine and recommend water policy and regulatory settings that support a secure, resilient and sustainable water services industry.

This interim update focuses on the PC's preliminary assessment of jurisdictions' progress in achieving the objectives, outcomes and actions of the NWI since 2024. A summary of NWI element outcomes is provided in appendix D.

A separate interim update on reform directions for Australia's water services industry is available on the PC's website (PC 2026).

2. Our approach to assessing progress under the NWI

The PC has previously found that most jurisdictions have largely achieved many of their 2004 NWI commitments, resulting in material benefits to the Australian people and environment (PC 2021, pp. 1–4, 2024, p. 4). However, the PC has noted that several key areas remain unaddressed and, since its 2017 inquiry, has consistently called for the NWI to be updated to address challenges in water management and ensure continued progress on reform (PC 2017, 2021, 2024).

In 2026, our approach is a streamlined assessment, updating the 2024 assessment. Less than 2 years passed between providing the previous National water reform report (PC 2024) to Government and receiving the 2026 terms of reference. As such, this is not a full reassessment; rather, we have focused on priorities identified in 2024 and outstanding matters. Assessment ratings have been made at a national level.

In undertaking this assessment, the PC:

- sought information from the Australian, state, and territory governments.² While all jurisdictions provided responses to the PC's requests for information, not all jurisdictions addressed all components of the requests
- released a call for submissions on 31 March 2026, receiving 71 submissions in response (appendix A; not all submissions focused on the NWI assessment, many related to reform directions for Australia's water services industry)
- met with the stakeholder working group, established as required under the *Water Act 2007* (Cth) (appendix B).

The PC thanks the Australian, state, and territory governments for their cooperation so far, and extends that thanks to all participants for their contributions to the inquiry to date.

¹ NWI paragraph 23.

² More detailed analysis of the information provided will be included in the final report.

The PC's interim 2026 national assessment ratings remain the same as at 2024. Progress has been made by some jurisdictions against some commitments. There are also indications that progress in some specific areas has been reversed. However, these changes do not appear extensive enough to shift the overall, nation-wide assessment ratings.

This interim assessment is based on *evidence received to date*. For some sub-elements, we have received limited information to update our 2024 assessment. The PC welcomes submissions in response to this interim assessment, as they are vital evidence to inform the final assessment.

The PC encourages all interested parties to share their views and evidence. Submissions in response to this interim update are requested by 24 July 2026. The PC must deliver its final report to Government by 4 September 2026, which necessitates highly compressed consultation timeframes.

In particular, we are seeking feedback on the key updates provided by jurisdictions to inform our final assessment of where progress has occurred and where it has been limited, slower than expected or reversed. We are interested to hear about experiences with policies and programs that jurisdictions are implementing, and views or evidence on how effective they have been in meeting the NWI outcomes.



Information request 1

We are seeking overall feedback on the PC's interim assessment, including evidence of where jurisdictions have made progress, and where progress has been limited, slower than expected or reversed since 2024.

- Are there any other important developments, reforms or outcomes since 2024 that should inform the final assessment?
- What has your experience been with the key updates provided by jurisdictions (tables below), and what outcomes have been achieved?



Information request 2

We are seeking specific feedback on the following NWI elements and outcomes. We are interested to hear about experiences with policies and programs that jurisdictions have implemented or are implementing, and views or evidence on how effectively jurisdictions are meeting the NWI outcomes. We welcome feedback on the questions below and any other issues relevant to the assessment of progress under the NWI.

Water access entitlements and planning frameworks (section 3)

- Which jurisdictions have developed clear triggers for rebalancing environmental and consumptive uses? What triggers have been implemented and are they effective at rebalancing environmental and consumptive uses?
- What improvements to monitoring and evaluation of and reporting on water plans are needed to support adaptive management?
- Have jurisdictions taken effective actions to address the overallocation or overuse of water systems and meet environmental and other public benefit outcomes?
- What major interception activities are not licensed or adequately recorded?



Information request 2

Integrated management of water for environmental and other public benefit outcomes (section 6)

- Are the environmental and other public benefit outcomes set out in existing water plans consistent with community expectations of planning process? If not, how could current water plan review processes be improved to better reflect community expectations?
- Are environmental and other public benefit outcomes effectively specified to facilitate accountability in water management? How could accountability for outcomes be improved?

Water resource accounting (section 7)

- Is information about how to access water allocations provided in a timely, transparent and easy to understand way that enables entitlement holders to make informed water-use decisions? How could the provision of information be improved?
- What additional information, if any, about planned or rules-based environmental water would increase public and investor confidence in reporting on water available for consumptive use or for environmental and other public benefits?

Knowledge and capacity building (section 9)

- What progress, if any, have jurisdictions made in enhancing protection for and recognition of Indigenous Cultural and Intellectual Property in water management?
- What changes can jurisdictions make to better incorporate Aboriginal and Torres Strait Islander knowledges in water management?

Water interests of Aboriginal and Torres Strait Islander people (section 11)

- Which changes to governance arrangements, if any, have led to shared decision-making and increased Aboriginal and Torres Strait Islander representation in planning processes?
- How have governance changes improved the recognition of Aboriginal and Torres Strait Islander water interests and rights in water management and planning?

The draft National Water Agreement

The Australian Government, together with state and territory governments, has been developing a new National Water Agreement (NWA). A draft was publicly released in December 2024 (DCCEEW 2024), and the Australian Government has since signed the agreement. At the time of this interim update, the NWA is currently with state and territory governments to consider signing (DCCEEW 2025b).

The draft agreement includes updated objectives, outcomes and principles intended to build on the NWI (DCCEEW 2024). Advising on the content of the draft NWA is outside the scope of this inquiry and the PC has not included the draft NWA in our assessment of the NWI. However, inquiry participants have provided feedback on the NWA, and this is summarised in appendix C.

3. Water access entitlements and planning frameworks

This section considers progress in achieving the outcomes relating to element 1 of the NWI, water access entitlements and planning frameworks. The PC's interim assessment of jurisdictions' progress is in table 1. The notes to the table indicate which assessment items relate to which NWI actions and outcomes.

Table 1 – Interim assessment: water access entitlements and planning frameworks

NWI commitment	2026 interim assessment	Comments
Water access entitlements		
Legally defined (statutory) long-term share of the consumptive pool	<i>Largely achieved</i>	<p>Status: Apart from WA and the NT, all governments have enacted legislation required to create secure, NWI-consistent water access entitlements.</p> <p>Key updates from jurisdictions: No update on progress since 2024.</p> <p>Participant feedback: Concerns were raised about the integrity and reliability of the consumptive pool, particularly in NSW (BRFF, sub. 47, p. 2; Cotton Australia, sub. 22, p. 8; NFF, sub. 31, p. 5; NSWIC, sub. 57, p. 11).</p> <p>Participants raised that the NT Government has passed legislation to remove the right of review for water licence decisions and appointed a new statutory official that can exempt projects from water legislation and environmental protection (CLC, sub. 54, pp. 5–6; Territory Rivers, sub. 70, p. 5).</p>
Unbundled (into access, use, and delivery) where cost effective	<i>Largely achieved</i>	<p>Status: Water licences remain bundled in WA and the NT. In SA, the relevant landscape board can decide whether to partially unbundle entitlements or let entitlements remain bundled following the review of a water plan. Water rights remained tied to land in many regulated groundwater systems.</p> <p>Key updates from jurisdictions: The SA Government continues to implement partial unbundling in reviewed water plans.</p>
Apply to all major consumptive water uses (to the extent practicable)	<i>Largely achieved</i>	<p>Status: Queensland is the only remaining jurisdiction providing an exemption for mining industries for associated water take.</p> <p>Key updates from jurisdictions: No update on progress since 2024.</p> <p>Participant feedback: The Central Land Council (CLC) (sub. 54, p. 13) stated that pastoralists use the 'stock and domestic' exemptions in the NT to use significant volumes of water with no metering, monitoring or charges.</p>
Water plans		
Statutory	<i>Largely achieved</i>	<p>Status: WA water allocation plans remain non-statutory.</p> <p>Key updates from jurisdictions: No update on progress since 2024.</p> <p>Participant feedback: The CLC (sub. 54, pp. 6–8, 14) proposed that the NT Government should make water plans binding on decision makers, and raised concerns that the Western Davenport Water Allocation Plan relegated key information (including risk assessment and management activities) to non-statutory documents and the NT Government has abandoned or weakened their commitments for water planning.</p>
Articulate trade-off decisions between economic, social and environmental considerations	<i>Partially achieved</i>	<p>Status: Jurisdictions have work underway to improve their understanding of the impacts of climate change and the trade-off decisions for groundwater.</p> <p>Key updates from jurisdictions:</p> <ul style="list-style-type: none"> A Victorian Sustainable Yield Assessment estimated sustainable yield ranges for groundwater systems and improved the evidence base for groundwater decision-making. The second phase of the Catchment Yield Science Update to the hydrological models for each of Tasmania's catchments has commenced.

NWI commitment	2026 interim assessment	Comments
		<ul style="list-style-type: none"> In SA, a project to investigate the impacts of climate change on rainfall, runoff and recharge will update rainfall–runoff recharge relationships and develop new relationships, where required, to incorporate climate projections in water balance calculations. The NSW Government is progressing work to review and improve minimum inflow assumptions. NSW is also progressing a program of work to review long-term average annual extraction limits to ensure they remain sustainable under a changing climate. <p>No updates were provided from jurisdictions on the development of clear triggers for rebalancing environmental and consumptive uses since 2024.</p> <p>Participant feedback: Participants highlighted the need to recognise and account for climate change (Murray–Darling Conservation Alliance, sub. 38, p. 4), including its impacts on groundwater (MCLE, sub. 48, pp. 2, 4–5). Participants raised that the recognition of climate change has not consistently translated into enforceable safeguards for ecosystems and downstream communities (Jennifer McKay, sub. 36, p. 2) or policy responses for groundwater risks (MCLE, sub. 48, p. 5). The Centre for Environmental Governance (CEG) (sub. 17, p. 8) proposed governance reform requiring explicit climate risk assessment and adaptive management triggers. Friends of Latrobe Water (sub. 44, p. 5) acknowledged that Groundwater Management 2030 in Victoria is making progress as a Sustainable Yield Assessment tool, but gaps still exist.</p> <p>The CLC (sub. 54, pp. 7–8) raised concerns that the Western Davenport Water Allocation Plan in the Northern Territory had removed stronger protection of cultural values and weakened objectives for environmental outcomes.</p>
Provide for adaptive management of surface water and groundwater systems	<i>Partially achieved</i>	<p>Status: While some improvements in monitoring, evaluation and reporting of water plans were noted in 2024, jurisdictions have not provided any updates since 2024 and further improvements are needed to support adaptive management.</p> <p>Key updates from jurisdictions: No update on progress since 2024.</p> <p>Participant feedback: The Queensland Farmers’ Federation (sub. 15, p. 5) stated that statutory water planning frameworks should prioritise flexibility and responsiveness, enabling water users to access and use water when it is available. The CEG (sub. 17, p. 10) called for cross-jurisdictional water quality indicators with threshold monitoring built into water plans.</p>
Water for environment and other public benefit outcomes		
Statutory recognition and afforded the same level of security as consumptive uses	<i>Largely achieved</i>	<p>Status: In most systems, water planning arrangements provide environmental water at least at the same level of security as consumptive uses. As in 2024, the non-binding nature of water allocation plans in the NT and non-statutory water plans in WA mean water for the environment and other public benefit outcomes do not have the same level of security as consumptive uses.</p> <p>Key updates from jurisdictions: No update on progress since 2024.</p> <p>Participant feedback: Participants highlighted underdeveloped groundwater environmental entitlements (MCLE, sub. 48, p. 7), outdated methodology for sustainable diversion limits in Victoria outside of the Murray–Darling Basin (MDB) (CWA, sub. 25, p. 3), and limited scientific integration outside water resource legislation (Water Research Australia, sub. 29, p. 8).</p>
Addressing overallocation and overuse		
All overallocated and overused systems returned to	<i>Partially achieved</i>	<p>Status: Some systems continue to be overallocated in WA. In 2024, it was noted that some systems previously identified as overallocated had been returned to within sustainable levels of extraction, primarily in the MDB. The 2026 Basin Plan</p>

NWI commitment	2026 interim assessment	Comments
sustainable levels of extraction		<p>review is assessing whether sustainable diversion limits continue to reflect an environmentally sustainable level of take (MDBA 2026, p. 19).</p> <p>Key updates from jurisdictions: The Australian Government has continued targeted water recovery to close remaining Basin Plan Sustainable Diversion Limit gaps.</p> <p>Participant feedback: Participants raised concerns around over-extraction and declines in river flows (DEG, sub. 21, p. 1; FLoW, sub. 44, p. 6) and deterioration in ecological condition despite nominal compliance with plans and some progress since the Basin Plan (Jennifer McKay, sub. 36, p. 2; Murray–Darling Conversation Alliance, sub. 38, p. 2).</p> <p>The Melbourne Centre for Law and the Environment (sub. 48, p. 3) highlighted concerns that the 2026 review of sustainable diversion limits in the Basin Plan excluded groundwater from its scope.</p> <p>The CLC (sub. 54, p. 7) flagged a decision in the NT to proceed with estimated sustainable yields to a level previously found to be unsustainable.</p> <p>Some participants opposed further water buybacks and called for investment in infrastructure efficiency (BRFF, sub. 47, p. 9; the Coalition, sub. 33, p. 2).</p>
Assigning risks for changes in allocation		
Clearly established (through statutory instruments)	<i>Partially achieved</i>	<p>Status: Only the NSW and Queensland governments have adopted the risk sharing framework specified in the NWI. The SA Government has implemented an alternative risk assignment framework in accordance with paragraph 51 of the NWI. No other government has introduced a formal NWI-compliant risk framework.</p> <p>Key updates from jurisdictions: No update on progress since 2024.</p>
Implementable and effective in providing certainty to entitlement holders	<i>Partially achieved</i>	<p>Status: As was previously assessed, jurisdictions may need to provide additional information for entitlement holders that clearly sets out how their approach to risk assignment will apply to any changes in the balance between environmental and consumptive use due to climate change.</p> <p>Key updates from jurisdictions: No update on progress since 2024.</p> <p>Participant feedback: Participants raised concerns that jurisdictions are undermining the integrity of the NWI Risk Assignment Framework through rule changes as a form of water recovery (BRFF, sub. 47, p. 9; NIC, sub. 65, p. 7; NSWIC, sub. 57, p. 11).</p>
Interception		
Significance of water intercepting activities assessed and effectively managed	<i>Largely achieved</i>	<p>Status: As in previous assessments, jurisdictions have largely achieved the requirement to assess risks to water for most potential intercepting activities. However, concerns remain that some major interception activities are not licensed or adequately recorded.</p> <p>Key updates from jurisdictions: The planned rollout of floodplain harvesting licences in NSW is complete apart from the Namoi regulated system.</p> <p>Participant feedback: Border Rivers Food and Fibre (sub. 47, p. 8) raised that the basic functions of the NSW Floodplain Harvesting framework have not been properly implemented.</p> <p>In Victoria, the Concerned Waterways Alliance (sub. 25, pp. 2, 4) highlighted the lack of farm dam licensing and a plantation forestry interception licensing framework, suggesting that both forms of interception should be properly regulated and accounted for.</p> <p>The Dharriwaa Elders Group (sub. 21, p. 2) considers floodplain harvesting licencing in water management unlawful.</p>

NWI commitment	2026 interim assessment	Comments
		The Murray–Darling Conservation Alliance (sub. 38, pp. 2–3) raised concerns that the majority of floodplain harvesting is not measured and is instead reported as estimates.

Integrating surface water and groundwater management

Physical connectivity between groundwater and surface water assessed and managed	<i>Largely achieved</i>	<p>Status: As in 2024, jurisdictions have largely achieved this commitment.</p> <p>Key updates from jurisdictions: A statewide groundwater sustainable yield assessment has been undertaken in Victoria.</p> <p>Participant feedback: The Murray–Darling Conversation Alliance (sub. 38, p. 3) raised that there is a need for greater understanding of groundwater availability and the movement and interaction between surface water and groundwater resources in the MDB.</p>
--	-------------------------	--

Achieved: All requirements met. Largely achieved: Requirements generally met, with some exceptions. Partially achieved: Only some requirements met. The NWI outlined 8 action areas for water access entitlements and planning frameworks: water access entitlements (NWI paragraphs 28–34), water planning (NWI paragraphs 36–40), water for environmental and other public benefit outcomes (NWI paragraph 35), addressing overallocated and overused systems (NWI paragraphs 41–45), assigning risks for changes in allocation (NWI paragraphs 46–51), Indigenous access (NWI paragraphs 52–54), interception (NWI paragraphs 55–57), integrating surface water and groundwater management (NWI paragraph 23x). Indigenous access is assessed under table 9, Water interests of Aboriginal and Torres Strait Islander people.

4. Water markets and trading

Under this element, all jurisdictions agreed to a common set of objectives, outcomes and actions to facilitate the development of efficient water markets in Australia, building on previous reform efforts. The NWI broadly focused on the progressive removal of barriers to trade in water and other arrangements to facilitate an open trading market. The PC's interim assessment of jurisdictions' progress is in table 2. The notes to the table indicate which assessment items relate to which NWI actions and outcomes.

Table 2 – Interim assessment: water markets and trading

NWI commitment	2026 interim assessment	Comments
Removing unwarranted trade barriers ^a	<i>Largely achieved</i>	<p>Status: Unwarranted trade barriers had been almost entirely removed or significantly reduced by 2024; however, some long-standing barriers to trade remained. Since 2024, there has been further progress, although some barriers still remain, including to interstate trade between the ACT and NSW.</p> <p>Key updates from jurisdictions:</p> <ul style="list-style-type: none"> • In the NT, legislative amendments were implemented in 2025 allowing licence holders anywhere in the NT to apply to trade water with other licence holders accessing the same water resource. • The ACT and NSW governments continue to work towards enabling water entitlement and allocation trade. • In the MDB, focus has shifted from legislation to implementation of water market reform. <p>Participant feedback: Cotton Australia (sub. 22, p. 9) noted water trading is well-developed across all jurisdictions, although the degree of market activity varies. Accordingly, market frameworks and regulatory requirements should be</p>

NWI commitment	2026 interim assessment	Comments
Publicly accessible and reliable water registers ^b	Largely achieved	<p>commensurate with the size and activity of the market (BRFF, sub. 47, pp. 6–7; Cotton Australia, sub. 22, p. 9).</p> <p>Some participants raised concerns with trading in the MDB. The Association of Mining and Exploration Companies (AMEC) (sub. 40, p. 3) stated trading across boundaries is difficult to manage between the MDB and state-based schemes, and Cobram Estate Olives raised concerns with trading and carryover rules in the southern MDB (sub. 45, p. 2).</p> <hr/> <p>Status: In 2024, the PC found most jurisdictions had publicly accessible and reliable water registers, but there remained room for improvement in their comprehensiveness, accessibility and ease of use. There appears to be limited progress since 2024.</p> <p>Key updates from jurisdictions: The SA Government has made upgrades to its water register.</p> <p>Participant feedback: Border Rivers Food and Fibre (sub. 47, p. 7) submitted that ‘improved data transparency ... has supported market confidence’. In contrast, the National Party of Australia and the Liberal Party of Australia (the Coalition) (sub. 33, p. 2) raised ‘ongoing deficiencies in trade register transparency’.</p>
Reducing transaction costs by improving water market information ^c	Largely achieved	<p>Status: Jurisdictions continue to invest in enhancing water market information.</p> <p>Key updates from jurisdictions:</p> <ul style="list-style-type: none"> • The Bureau of Meteorology has new water market information functions, underpinning the Water Data Hub, water markets website and Water Markets Data Standards. The Bureau has been given new functions to collect, hold, manage, interpret and disseminate water markets information, issue Water Markets Data Standards, and publish certain water markets information. Reforms are planned to be fully implemented by 1 July 2027. • Basin states are working with the Australian Government to implement the mandatory data reforms. • The SA Government implemented a new online water trading system and the Tasmanian Government has continued to develop its new water information management system. <p>Participant feedback: Participants raised that many people find it difficult to access water market information (CEG, sub. 17, p. 6) and highlighted the need to reduce transaction costs (Waterfind, sub. 14, pp. 3–4).</p>
Compliance with trade approval service standards ^d	Achieved	<p>Status: As in 2024, this commitment has been achieved.</p> <p>Key updates from jurisdictions: No update on progress since 2024.</p>

Achieved: All requirements met. Largely achieved: Requirements generally met, with some exceptions. Partially achieved: Only some requirements met. **a.** NWI paragraphs 60 and 62 and Schedule G. **b.** NWI paragraph 59. **c.** NWI paragraph 58 ii). **d.** Subsequent ministerial agreement, builds upon NWI paragraph 58 ii).

5. Best practice pricing and institutional arrangements

This section considers progress in achieving outcomes under element 3 of the NWI – best practice pricing and institutional arrangements. The PC’s interim assessment of jurisdictions’ progress is in table 3. The notes to the table indicate which assessment items relate to which NWI actions and outcomes.

Table 3 – Interim assessment: best practice pricing and institutional arrangements

NWI commitment	2026 interim assessment	Comments
Best practice pricing and regulation^a		
Urban water: regulated	<i>Partially achieved</i>	<p>Status: Independent economic regulators in Queensland and WA still do not have price setting power.</p> <p>Key updates from jurisdictions: Price caps placed on Taswater in Tasmania were in effect until 30 June 2026. The Queensland Government directed the Queensland Competition Authority (QCA) to review the water prices of distributor retailers in South-East Queensland (Unitywater and Urban Utilities).</p> <p>Participant feedback:³ Participants raised the tension between managing cost of living pressures through water pricing policies and water providers’ long-term financial sustainability (AWA, sub. 50, p. 10; IPART, sub. 10, p. 2; NELA, sub. 56, p. 3; NSW DCCEEW, sub. 20, p. 7; WaterNSW, sub. 51, p. 3) and that this can lead to underinvestment (IPART, sub. 10, p. 2) and then higher long-term costs (TasWater, sub. 32, p. 2; WSAA, sub. 53, p. 10). Infrastructure Partnerships Australia (sub. 49, p. 3) raised that several regulatory determinations have departed from best practice.</p> <p>The South Australian Council of Social Service (SACOSS) (sub. 19, pp. 4–5) raised that it is unclear whether SA will retain an NWI-consistent independent price-setting process with the proposed SA Gas and Water Trust.</p> <p>The Queensland Water Directorate (qldwater) (sub. 24, p. 6) raised concerns with the QCA’s price-monitoring investigation into Unitywater and Urban Utilities, including the departure from standard determination processes, lack of clarity around stage 1, and absence of any provision for public consultation in stage 1. SACOSS (sub. 19, p. 11) raised concerns with the Ministerial Directions that have altered the regulatory framework and processes to fund projects in SA.</p>
Urban water: not formally regulated	<i>Largely achieved</i>	<p>Status: Updated National Performance Report (NPR) indicators and expanded reporting requirements for small providers have increased information about pricing and service outcomes.</p> <p>The urban water operations of the jurisdiction-wide water service provider in the NT are not yet formally regulated.</p> <p>In the NT, NSW and Queensland (for urban water services provided by councils or council-owned corporations), subsidies remain primarily delivered through capital grants instead of Community Service Obligations (CSOs).</p> <p>Key updates from jurisdictions: Proposed reforms in the NT to introduce a regulatory determination process will allow the independent regulator to set prices or allowable revenue for the Power and Water Company. The reform will</p>

³ Further discussion of issues raised by participants is included in the interim update on water services reform directions (PC 2026).

NWI commitment	2026 interim assessment	Comments
		<p>encompass all service providers in the NT, with tiered regulatory requirements based on scale of service provision. The NSW Government is developing funding and other, broader regulatory reforms for local water utilities following a NSW Productivity and Equality Commission review.</p> <p>Participant feedback: qldwater (sub. 24, p. 6) highlighted that progress on expanding independent economic regulation for urban providers and replacing capital grant funding with transparent CSOs has been limited and, in some respects, is moving in the wrong direction in Queensland. Participants recommended transparent CSO payments (CNSWJO, sub. 18, p. 7; NSW Water Directorate, sub. 69, p. 7; qldwater, sub. 24, p. 7; RDA Mid North Coast, sub. 63, p. 14; WSAA, sub. 53, p. 6).</p> <p>The Central NSW Joint Organisation (sub. 18, p. 6) highlighted that the user-pays principle cannot adequately fund essential water services in many small and rural communities. Participants also highlighted the lack of sustainable funding for regional council water service provision (WSAP, sub. 8, p. 2; LGAQ, sub. 55, pp. 2–3).</p> <p>SACOSS (sub. 19, p. 9) highlighted the need for basic consumer protections to be extended to all regional and remote Aboriginal communities in SA. Aboriginal Housing Northern Territory (sub. 62, p. 8) recommended that Water Supply Licence Areas be extended to include remote Aboriginal communities and homelands serviced by Indigenous Essential Services.</p>
Rural water: government owned	<i>Partially achieved</i>	<p>Status: Independent economic regulation is still not in place in WA and Tasmania for government-owned rural water. The Queensland Government continues to direct Seqwater and Sunwater to provide a 15% discount on the prices recommended by QCA.</p> <p>Key updates from jurisdictions: No update on progress since 2024.</p> <p>Participant feedback: The Independent Pricing and Regulatory Tribunal (IPART) (sub. 10, p. 2) raised that it is currently consulting on revisions to the cost sharing framework in its review of maximum bulk water prices for WaterNSW’s rural and regional services.</p>
Rural water: user owned	<i>Achieved</i>	<p>Status: Consistent with the 2024 PC inquiry, this update has not directly considered pricing outcomes for user-owned rural water.</p>
Rural water: cross jurisdictional	<i>Partially achieved</i>	<p>Status: There appears to be limited progress since 2024. In some jurisdictions, there continues to be insufficient transparency about which costs are passed through to irrigators, and how costs are passed on.</p> <p>Key updates from jurisdictions: No update on progress since 2024.</p>
Investment in new and refurbished infrastructure^b		
Urban	<i>Partially achieved</i>	<p>Status: Since 2024, the Australian Government and state and territory governments have allocated funds to several major urban infrastructure projects that have not been independently scrutinised.</p> <p>Key updates from jurisdictions: The NT Government is developing a framework to inform decision-making in water infrastructure investment. Jurisdictions also provided information on 13 major urban infrastructure investments and 9 benefit-cost evaluations.</p>

NWI commitment	2026 interim assessment	Comments
Rural	<i>Partially achieved</i>	<p>Participant feedback: The NSW Water Directorate (sub. 69, p. 5) highlighted that traditional benefit-cost assessments have not always captured the significant social and economic costs that can accrue with total town water supply failure. Veolia (sub. 43, p. 4) recommended ‘a new investment principle in the [National Water Grid Investment Fund] Investment Framework requiring states to prioritise whole of state risks to safe and reliable water supplies on a scheme or community basis’.</p> <p>Water Research Australia (sub. 29, p. 13) raised that current assessment frameworks struggle to capture scientific evidence on the risks and costs of deferring or avoiding investment.</p> <p>Status: The quality and transparency of project assessment processes do not assure ecological sustainability and economic viability of rural water infrastructure projects approved since 2024.</p> <p>Key updates from jurisdictions: As noted above, the NT Government is developing a framework to inform decision-making in water infrastructure investment. Jurisdictions also provided information on 4 major rural infrastructure investments and 3 benefit-cost evaluations.</p>
Other pricing and institutional arrangements		
Cost recovery for planning and management ^c	<i>Partially achieved</i>	<p>Status: In 2024, the PC noted there was scope for the Queensland, Tasmanian, WA and NT governments to improve their reporting on which fees and charges cover water planning and management costs. There was also scope for the ACT and Victorian governments to implement a more precise cost recovery system. There appears to be limited progress since 2024.</p> <p>Key updates from jurisdictions: A recent review of the Water Abstraction Charge (WAC) pricing methodology in the ACT will inform future decisions on the setting of the WAC.</p> <p>Participant feedback: Participants highlighted the need for cost-sharing frameworks to set prices that appropriately recover costs for public interest items and reflect the source of demand originating beyond immediate water users (BRFF, sub. 47, p. 10; NSWIC, sub. 57, pp. 9–10). IPART (sub. 10, p. 2) stated it intends to commence a review of its cost sharing framework for water planning and management activities in the second half of 2026.</p> <p>The CLC (sub. 54, pp. 12–13) stated that there is no pricing regime for licenced water to recover costs for sustainable management in the NT and raised concerns that neither the CLC nor the Northern Land Council were approached to participate in a government-appointed steering group for a water charging framework.</p>
Environmental externalities of water use ^d	<i>Achieved</i>	<p>Status: No significant changes have been observed since 2024. Extraction limits and conditions on water licences have been imposed, including in approvals required under environmental laws.</p> <p>Key updates from jurisdictions: The Victorian Government is implementing reform to environmental contributions following an assessment.</p> <p>Participant feedback: The Concerned Waterways Alliance (sub. 25, p. 11) raised concerns with the current regulatory framework treating wastewater discharge into receiving environments as a cost-free activity for water corporations.</p>

NWI commitment	2026 interim assessment	Comments
Release of unallocated water ^e	<i>Largely achieved</i>	<p>Status: In 2024, the PC understood that NWI commitments in this area were met by most jurisdictions. No significant changes have been observed since 2024.</p> <p>Key updates from jurisdictions: Several unallocated water releases are being made across Queensland under the Unlocking Water Project.</p> <p>Participant feedback: The Queensland Farmers' Federation (sub. 15, p. 3) stated that the Queensland Government's work to release unallocated water should occur with timely and practical access at the farm level to realise the benefits.</p>
Separation of functions ^f	<i>Achieved</i>	<p>Status: The PC previously assessed that governments have maintained formal separation between policy making and service delivery.</p> <p>Key updates from jurisdictions: No update on progress since 2024.</p>
Performance benchmarking^g		
Urban	<i>Achieved</i>	<p>Status: The NPR benchmarks prices and service quality for water delivery agencies and has been expanded since the previous assessment to include additional water utilities.</p> <p>Key updates from jurisdictions: The 2024–25 NPR includes water service providers with fewer than 10,000 metered connections, extending coverage to a greater number of service providers (from 86 to 300 entities) and an additional 836,000 people, including Aboriginal and Torres Strait Islander communities that were not previously included. Service providers with less than 10,000 connected properties were required to report against 93 of 143 performance indicators for 2024–25, and the NPR technical reference group will discuss expanding this subset of indicators in coming years (BOM 2023, p. 2, 2026, p. 21).</p> <p>Participant feedback: Aquanex (sub. 39, p. 2) proposed expanding the sub-10,000 connected properties reporting framework to include drinking water quality, public health advisory and corrective action indicators. Aboriginal Housing Northern Territory (sub. 62, p. 8) recommended that regulatory reporting be extended to include remote Aboriginal communities and homelands serviced by Indigenous Essential Services. The need for publicly accessible data on drinking water quality is also discussed in urban water reform (table 6).</p>
Rural	<i>Terminated</i>	Status: Rural benchmarking was discontinued in 2014.

Achieved: All requirements met. Largely achieved: Requirements generally met, with some exceptions. Partially achieved: Only some requirements met. **a.** NWI paragraphs 65, 66, 77. **b.** NWI paragraph 69. **c.** NWI paragraphs 67, 68. **d.** NWI paragraph 73. **e.** NWI paragraphs 70, 71, 72. **f.** NWI paragraph 74. **g.** NWI paragraphs 75, 76.

6. Integrated management of water for environmental and other public benefit outcomes

Under this element, all jurisdictions agreed to ensure that environmental and other public benefit outcomes associated with water, such as the cultural values of Aboriginal and Torres Strait Islander people and recreational opportunities, are accounted for and integrated within planning frameworks. This included developing and implementing appropriate, effective and efficient management practices and institutional arrangements to achieve these outcomes. The PC's interim assessment of jurisdictions' progress is in table 4. The notes to the table indicate which assessment items relate to which NWI actions and outcomes.

Table 4 – Interim assessment: integrated management of water for environmental and other public benefit outcomes

NWI commitment	2026 interim assessment	Comments
Identification of specific environmental and public benefit outcomes		
Well defined environmental and other public benefit outcomes ^a	<i>Partially achieved</i>	<p>Status: There has been incremental improvement as water plans are revised in most jurisdictions.</p> <p>Key updates from jurisdictions: Most jurisdictions are incrementally updating existing plans and strategies as they are reviewed. For example, the Tasmanian Government continues to implement its Rural Water Use Strategy to inform future changes to water plan objectives and the NSW Government has revised its water plan objectives to ensure consistency with the legislative framework.</p> <p>Participant feedback: The CLC (sub. 54, pp. 8–10) raised concerns some water allocation plans in the NT have weakened protections for cultural values since 2024. Other participants raised concerns around how well outcomes are specified to enable tracking of performance (CEG, sub. 17, p. 5; WSAP, sub. 8, p. 1), particularly for water quality and public health outcomes (CaNSCC, sub. 9, p. 2; CEG, sub. 17, p. 10; DEG, sub. 21, p. 3; FLoW, sub. 44, pp. 2–4).</p>
Management and institutional arrangements		
Environmental water managers with accountability ^b	<i>Largely achieved</i>	<p>Status: While this has not yet been fully achieved in terms of reporting on environmental outcomes from using environmental water, there have been some improvements to environmental information published since 2024.</p> <p>Key updates from jurisdictions: The NT Government has published <i>State of the water resource</i> reports for all of the NT's water allocation plan areas, and the NSW Government is implementing a new Evaluation Framework and Program for Water Sharing Plans (WSPs) and a WSP Social Benchmarking Survey to collect information on a range of performance indicators. The ACT Government released the <i>Water Resources Environmental Flow Guidelines 2026</i>.</p> <p>Participant feedback: Irrigation bodies raised concerns about the lack of transparency around rules-based changes to water allocations for irrigation (BRFF, sub. 47, p. 8; Cotton Australia, sub. 22, p. 8; NIC, sub. 65, p. 7; NSWIC, sub. 57, p. 12).</p> <p>Other participants highlighted that fragmentation of responsibility weakens accountability (CEG, sub. 17, p. 10; FLoW, sub. 44, p. 1; Jennifer McKay, sub. 36, p. 3; Stormwater 2030, sub. 59, p. 2; Stormwater Australia, sub. 13, p. 2; WSAP, sub. 8, p. 1; WSCA, sub. 30, pp. 2–3).</p>

NWI commitment	2026 interim assessment	Comments
Joint arrangements for shared resources ^c	Achieved	<p>The CLC (sub. 54, pp. 5–6) argues that the NT’s reforms, including removing third-party merits review and weakening scrutiny of water decisions, have reduced transparency and accountability.</p> <p>Status: Joint arrangements for shared resources are in place, specifically the Great Artesian Basin (GAB), Lake Eyre Basin (LEB) and the MDB. Some joint arrangement frameworks have been reviewed or revised since 2024.</p> <p>Key updates from jurisdictions: The GAB condition report and five-year implementation plan were published in 2024 and the LEB condition assessment report is expected to be published in 2027.</p> <p>The WA and NT governments are finalising an agreement for the Ord River Scheme and the SA and Victorian governments are progressing amendments to the <i>South Australian–Victorian Border Groundwaters Agreement</i>.</p> <p>Participant feedback: AMEC (sub. 40, p. 3) raised concerns that ‘the current framework [established under the <i>Water Act 2007</i> (Cth)] does not address the GAB as comprehensively as the MDB’ which has a framework for managing interstate water flows, such as water trading.</p> <p>AMEC (sub. 40, p. 2) and Environment and Natural Resources Law Research Unit (sub. 67, p. 8) also called for improvements in the management of transboundary systems such as the MDB and Channel Country.</p>
Common arrangements for connected surface water and groundwater systems ^d	Largely achieved	<p>Status: As found in 2024, jurisdictions have invested in understanding groundwater resources to increase the effectiveness of water plans in managing risks to connected water systems.</p> <p>Key updates from jurisdictions: No update on progress since 2024.</p> <p>Participant feedback: A number of participants raised concerns around the lack of knowledge and further investment in understanding groundwater systems, its connectivity with surface water systems, coastal waters and the impacts of climate change (AMEC, sub. 40, p. 3; CWA, sub. 25, p. 5; FLoW, sub. 44, pp. 5–6; MCLE, sub. 48, p. 3; Murray–Darling Conservation Alliance, sub. 38, p. 3; Water Research Australia, sub. 29, p. 8).</p>
Independent audit, review and reporting of environmental and other public benefit outcomes, and supporting management arrangements ^e	Partially achieved	<p>Status: There are limited examples of additional independent auditing or reviews of environmental water management decisions or outcomes since 2024.</p> <p>Key updates from jurisdictions: The Inspector-General for Water Compliance completed a stocktake of the legislative frameworks for reporting environmental outcomes in the MDB in 2025; however, the report did not consider the environmental and other public benefit outcomes themselves (IGWC 2025). The Tasmanian <i>State of Environment Report</i> (SoE) was publicly released in September 2024 (TPC 2024).</p> <p>Participant feedback: Some participants raised concerns with monitoring and reporting of these outcomes (CEG, sub. 17, pp. 5, 10; FLoW, sub. 44, p. 2; Stormwater 2030, sub. 59, p. 4).</p> <p>Other participants are calling for independent regulation and auditing (CWA, sub. 25, p. 9; DEG sub. 21, p. 1; Jennifer McKay, sub. 36, p. 4; Territory Rivers, sub. 70, pp. 2, 8).</p> <p>Dharriwaa Elders Group (sub. 21, p. 3) stated that ‘public and environmental health outcomes must be defined, delivered, measured, and reported in ways acceptable to us including audits’.</p>

NWI commitment	2026 interim assessment	Comments
Environmental water holders able to trade ^f	Achieved	<p>Status: As found in 2024, all environmental water holders are able to trade.</p> <p>Key updates from jurisdictions: Water Markets Data Standards will apply from July 2027. They will include an ‘environmental’ owner type for relevant entitlement information and allow ‘environmental’ to be selected as a reason for trade (water trading is discussed more generally in table 2).</p> <p>Participant feedback: Irrigation bodies supported greater reform to enable environmental water holders to more actively participate in water markets (BRFF, sub. 47, p. 9; Cotton Australia, sub. 22, p. 9).</p>
Special requirements for high conservation value assets ^g	Achieved	<p>Status: As found in 2024, Ramsar Convention listed wetlands and other high ecological value sites have been identified through planning, and special arrangements made for their protection.</p> <p>Key updates from jurisdictions: No update on progress since 2024.</p> <p>Participant feedback: Participants raised concerns that the special requirements are not resulting in improved outcomes, with assets not being protected. For example, Macquarie Marshes are a RAMSAR listed wetland that was recently classified as endangered under the <i>Environment Protection and Biodiversity Conservation Act 1999</i> (Cth) (CWA, sub. 25, p. 18; Murray–Darling Conservation Alliance, sub. 38, p. 2).</p>

Water recovery for the environment

Water recovery options selected primarily on the basis of cost effectiveness ^h	Partially achieved	<p>Status: As in 2024, on the basis of the limited evidence available, jurisdictions are broadly following NWI-consistent processes, but there is scope for more transparency around how options are evaluated.</p> <p>Key updates from jurisdictions: the NT and SA governments have implemented strategies to address overallocation for specific areas.</p> <p>The Australian Government has progressed water recovery in the MDB with publication of the <i>Framework for delivering the 450 GL</i> in 2024 and 221.2 GL/yr recovered or contracted as at 31 December 2025.</p> <p>Participant feedback: Participants raised concerns that the costs of water recovery through voluntary buybacks had been too high on communities (ADIC, sub. 66, p. 1; the Coalition, sub. 33, p. 6) and that alternative options are not sufficiently considered (the Coalition, sub. 33, p. 6).</p>
---	--------------------	--

Achieved: All requirements met. Largely achieved: Requirements generally met, with some exceptions. Partially achieved: Only some requirements met. **a.** NWI paragraph 78 i). **b.** NWI paragraph 79 i) a). **c.** NWI paragraph 79 i) b). **d.** NWI paragraph 79 i) c). **e.** NWI paragraph 79 i) d). **f.** NWI paragraph 79 i) e). **g.** NWI paragraph 79 i) f). **h.** NWI paragraph 79 ii).

7. Water resource accounting

Under this element, all jurisdictions agreed to ensure that adequate measurement, monitoring and reporting systems are in place. The PC’s interim assessment of jurisdictions’ progress is in table 5. The notes to the table indicate which assessment items relate to which NWI actions and outcomes.

Table 5 – Interim assessment: water resource accounting

NWI commitment	2026 interim assessment	Comments
Water accounts^a		
Practical, credible and reliable information	<i>Largely achieved</i>	<p>Status: Water accounting is generally providing practical, credible and reliable information.</p> <p>Key updates from jurisdictions: Since 2024, the Bureau of Meteorology has automated the production of national water accounts, improving timeliness.</p> <p>The NT Government is publishing <i>State of water resource</i> annual reports for all finalised water allocation plans.</p> <p>The WA Government is implementing a Groundwater Telemetry Implementation Project and developing a Water Resources Dashboard.</p> <p>Participant feedback: Participants raised concerns about the reliability of floodplain harvesting measurement (BRFF, sub. 47, p. 8; Murray–Darling Conservation Alliance sub. 38, pp. 2–3).</p> <p>Participants also raised a lack of consistent monitoring and reporting, and gaps in the data collected such as water quality (CEG, sub. 17, p. 5; CWA, sub. 25, p. 4; NSWIC, sub. 57, pp. 5–6; Resilient Futures, sub. 71, p. 4).</p>
Avoid unnecessary duplication of effort	<i>Largely achieved</i>	<p>Status: Jurisdictions collect information with minimal duplication of effort.</p> <p>Key updates from jurisdictions: No update on progress since 2024.</p>
Environmental water accounting^b		
Held environmental water is fully and publicly accounted for	<i>Largely achieved</i>	<p>Status: All jurisdictions with held environmental water publicly report their holdings annually but, as in 2024, some gaps remain in jurisdictional consistency and auditing.</p> <p>Key updates from jurisdictions: No update on progress since 2024.</p>
Public reporting on use of held environmental water	<i>Largely achieved</i>	<p>Status: Jurisdictions report and account for the provision of held environmental water.</p> <p>Key updates from jurisdictions: No update on progress since 2024</p> <p>Participant feedback: Participants highlighted the importance of environmental water holders being able to buy and sell water when appropriate, and raised any variations to trading rules should be subject to the same public scrutiny as any other regulatory variations and justified on a case-by-case basis (BRFF, sub. 47, p. 9; Cotton Australia, sub. 22, p. 9).</p> <p>The Coalition (sub. 33, pp. 5–6) raised specific concerns around the lack of transparency in environmental water decision-making and insufficient oversight of the Commonwealth Environmental Water Holder (CEWH), and proposed the establishment of an inquiry into the CEWH.</p>
Public reporting on planned environmental water	<i>Partially achieved</i>	<p>Status: Jurisdictions generally undertake public reporting on planned environmental water through rules-based arrangements agreed upon in water plans, but there is scope to improve how information is publicly reported.</p> <p>Key updates from jurisdictions: No update on progress since 2024.</p> <p>Participant feedback: The Coalition (sub. 33, p. 5) called for accessible and detailed public reporting, particularly where planned or rules-based environmental water is contributing to environmental outcomes.</p> <p>Irrigation bodies called for greater transparency on how rules-based changes are used to deliver environmental outcomes, with concerns about the integrity of the</p>

NWI commitment	2026 interim assessment	Comments
		entitlement framework being undermined (BRFF, sub. 47 p. 2; NIC, sub. 65, pp. 7, 8; NSWIC, sub. 57, pp. 11–12).
Water metering and measurement^c		
Develop and implement metering actions	<i>Partially achieved</i>	Status: Most jurisdictions are not on track to meet the requirements for AS4747 meter installation on all new and replacement meters. Many jurisdictions do not report on AS4747 compliant meter installation progress.
Non-Urban Metering Framework implemented		<p>Key updates from jurisdictions: Jurisdictions continue to roll out non-urban water metering, with slow uptake of AS4747 meters.</p> <p>The MDB Telemetry Uplift Program has increased uptake of telemetry installations in NSW, Queensland and Victoria in the past 2 years.</p> <p>The program of existing meter revalidations and new meter installations for the Queensland MDB was largely completed at the end November 2025.</p> <p>The Queensland Government is now reporting annually on progress against its measurement policy and has progressed licensing and measurement of overland flows, with all overland flow take in the Queensland MDB licenced.</p> <p>NSW's rollout of floodplain harvesting licences is complete apart from the Namoi regulated system.</p> <p>Some jurisdictions have updated or indicated intent to update their non-urban water metering policies to align with updates to the MAF2 and AS4747.</p> <p>In NSW (excluding the MDB), WA, Tasmania, NT and Queensland (excluding the MDB), there is still no reporting on uptake of AS4747 meters.</p> <p>Participant feedback: Inconsistency in accounting, metering and modelling policies across jurisdictions was raised by participants (BRFF, sub. 47, pp. 10, 18; eWater, sub. 12, pp. 3–4; Murray–Darling Conservation Alliance, sub. 38, pp. 2–3).</p>
Compliance and enforcement^d		
National Compliance Framework implemented	<i>Largely achieved</i>	<p>Status: Most jurisdictions are meeting the requirement that 10% of licence holders have a site inspection.</p> <p>Key updates from jurisdictions: In 2024, SA targeted 1,500 meter inspections in the MDB, including 680 ageing and high-risk meters, in addition to the standard inspection regime of 10% of metered sites. SA also reported refining its online validation certification in 2025.</p> <p>Participant feedback: Participants raised concerns around enforcement settings (ENREL, sub. 67, p. 8; Jennifer McKay, sub. 36, p. 3; NELA, sub. 56, pp. 4–5).</p> <p>The Concerned Waterways Alliance (sub. 25, pp. 6–7) highlighted unlicensed farm dams in Victoria as an example of inadequate monitoring, compliance and regulatory design.</p> <p>Several participants called for an independent and fully funded regulator (CWA, sub. 25, p. 9; DEG, sub. 21, p. 1; ENREL, sub. 67, p. 8; Jennifer McKay, sub. 36, p. 4; Territory Rivers, sub. 70, pp. 5, 8).</p>

Achieved: All requirements met. Largely achieved: Requirements generally met, with some exceptions. Partially achieved: Only some requirements met. **a.** NWI paragraphs 82, 86, 89 ii) and iv) **b.** NWI paragraphs 84–85, 89 iii) **c.** NWI paragraphs 87–88, 89 i) **d.** NWI paragraph 89 i). Note the actions in paragraphs 81 and 83 were date-limited and judged completed by the National Water Commission (NWC 2014), so have not been assessed.

8. Urban water reform

This section considers progress in achieving outcomes under element 6 of the NWI – urban water reform. The PC’s interim assessment of jurisdictions’ progress is in table 6. The notes to the table indicate which assessment items relate to which NWI actions and outcomes. The interim update on reform directions for Australia’s water services industry (PC 2026) includes further details on what we heard from participants in relation to urban water reform.

Table 6 – Interim assessment: urban water reform

NWI commitment	2026 interim assessment	Comments
Urban water service quality^a		
Achieving healthy and safe water supplies: Major cities	<i>Achieved</i>	<p>Status: Water quality compliance is generally achieved.</p> <p>Key updates from jurisdictions: Construction of a seawater desalination plant is underway in WA to supply the Perth area (50GL of new supply).</p> <p>Participant feedback: Several participants highlighted projected underinvestment in infrastructure renewal (AWA, sub. 50, p. 8; TasWater, sub. 32, p. 5; WSAA, sub. 53, p. 5) and raised growing pressure from climate change, population growth and ageing assets (AMEC, sub. 40, pp. 4–5; ATSE, sub. 3, p. 3; AWA, sub. 50, p. 8).</p>
Achieving healthy and safe water supplies: Regional and remote ^c	<i>Largely achieved</i>	<p>Status: Safe drinking water is still unavailable in some regional and remote areas. In some areas, boil water notices have been issued, and water carting and bottled water supply has been required on occasion to ensure residents had access to safe drinking water. Jurisdictions continue to implement a range of measures to improve regional and remote service quality, including joint Australian and state and territory government infrastructure investments in remote Aboriginal and Torres Strait Islander communities.</p> <p>Key updates from jurisdictions: While this outcome has not yet been fully achieved, jurisdictions provided updates on progress since 2024.</p> <ul style="list-style-type: none"> • The Australian Government continued to invest under the National Water Grid Fund (NWGF) in regional and remote Aboriginal and Torres Strait Islander communities. However, in the 2026–27 Budget, \$103.9 million of uncommitted funding from the NWGF over 7 years from 2028–29 was redirected as a budget saving measure (Australian Government 2026, p. 47). • The NSW Government continues to implement the Aboriginal Communities Water and Sewerage Program and the Active Operations Support program. • The Queensland Government has continued to undertake urban water risk assessments. • In WA, Water Corporation has continued to implement the Aboriginal Communities Water Services program. • In SA, recent and current initiatives underway to upgrade water supply infrastructure in regional and remote areas include upgrades to improve water security in the Aboriginal Communities of Yalata, Nipapanha and Indulkana (Iwantja). The NWGF and SA Water have established a jointly funded project to improve water security across another 8 communities in the Anangu Pitjantjatjara Yankunytjatjara (APY Lands) and the NWGF project <i>Securing critical water needs for self-supplied remote First Nations communities</i> will deliver water supply, quality and access solutions to 4 remote self-supplied communities.

NWI commitment	2026 interim assessment	Comments
		<ul style="list-style-type: none"> • In Tasmania, the NWGF project (jointly funded by the Australian and Tasmanian governments) to develop long-term drinking water solutions for the Truwana / Cape Barren Island community is expected to be completed in mid-2026. • In the NT, training was delivered to homelands water service providers on the best practice approach for water management in homelands communities. The NT Government also noted progress on infrastructure projects. <p>Participant feedback: Participants highlighted concerns with the lack of access to safe drinking water in some areas (CEG, sub. 17, p. 9; CWA sub. 25, p. 16; Veolia, sub. 43, p. 2; WSAA, sub. 53, pp. 22, 24). Some participants highlighted particular issues in Aboriginal and Torres Strait Islander communities (ATSE, sub. 3, p. 3; CLC, sub. 54, pp. 17–19; DEG, sub. 21, p. 1). Some participants raised issues for homelands communities where entire remote Aboriginal and Torres Strait Islander communities are serviced by a single meter at the gate (SACOSS, sub. 19, p. 6) and there is often no formal water service obligation (Aquanex, sub. 39, pp. 6–7) or minimum standards (AHNT, sub. 62, p. 5).</p> <p>Several participants highlighted risks to regional and remote water supplies due to climate change (CNSWJO, sub. 18, p. 4), PFAS contamination (LGAQ, sub. 55, p. 2; RCA, sub. 68, p. 1; Territory Rivers, sub. 70, p. 4) and funding challenges (NSW Water Directorate, sub. 69, p. 7; VicWater, sub. 34, p. 3).</p> <p>Participants also pointed to the lack of publicly accessible data on drinking water quality (Aquanex, sub. 39, pp. 5–6; CLC, sub. 54, p. 19; DEG, sub. 21, p. 3; RDA Mid North Coast, sub. 63, p. 5; WSAA, sub. 53, p. 22). qldwater (sub. 24, p. 5) raised concerns around data transparency and stated that the urban water risk assessments in Queensland remain unpublished.</p> <p>Jennifer McKay (sub. 36, p. 7) noted there is no consistent national minimum standard and Aquanex (sub. 39, p. 10) recommended a nationally consistent minimum level of service.</p> <p>Participants also commented on investment funding, recommending permanent funding under the NWGF (Veolia, sub. 43, p. 4) and highlighting the importance of LWUs and local governments being able to directly apply for grants (Arup Australia, sub. 58, p. 4; NSW Water Directorate, sub. 69, p. 7; RCA, sub. 68, p. 2).</p>
Water reuse, end use efficiency, water sensitive urban design and innovation^b		
Pursuing water reuse, end use efficiency, water sensitive urban design and innovation	<i>Largely achieved</i>	<p>Status: Jurisdictions have substantially met their commitments under the current NWI, but further work is required to embed integrated water management.</p> <p>Key updates from jurisdictions: In Victoria, updates to the Urban Water Strategy Guidelines (released December 2025) allow all feasible water supply options (including purified recycled water) to be considered and rigorously assessed against each other.</p> <p>In WA, the water planning policy and guidelines were updated in December 2025 and provide a framework to ensure integrated land and water planning.</p> <p>Participant feedback: Participants noted the need for reform to support Integrated Water Management (ATSE, sub. 3, p. 3; Stormwater Australia, sub. 13, p. 1; WSCA, sub. 30, p. 4).</p> <p>A number of participants highlighted the importance of reform to stormwater (Stormwater 2030, sub. 59; Stormwater Australia, sub. 13). Participants also highlighted the need for clear policy and regulatory settings on recycled drinking water</p>

NWI commitment	2026 interim assessment	Comments
		(RDA Mid North Coast, sub. 63, p. 15; WSAA, sub. 53, p. 4) and raised the poor performance of the sector in relation to potable water recycling (COF, sub. 11, p. 4). Several participants noted the importance of water efficiency measures. The Australian Water Association (sub. 50, p. 13) submitted that whilst some progress has been made, efforts are fragmented. Water Efficiency Individuals (sub. 6, p. 1) raised the importance of measuring progress and reporting on water efficiency and demand management.

Achieved: All requirements met. Largely achieved: Requirements generally met, with some exceptions. Partially achieved: Only some requirements met. **a.** NWI paragraph 90 i). **b.** NWI paragraph 90 ii), iii) and v). **c.** For the purpose of this assessment, 'regional and remote' are defined in accordance with the ABS remoteness categories (ABS 2023). Broadly, this encompasses all areas (both urban and rural) outside of the capital cities and nearby major cities. Rural communities (smaller communities outside of cities and towns) are defined as a subset of 'regional and remote' communities in this assessment.

9. Knowledge and capacity building

This section considers progress in achieving the outcomes relating to element 7 of the NWI, knowledge and capacity building. The PC's interim assessment of jurisdictions' progress is in table 7. The notes to the table indicate which assessment items relate to which NWI actions.

Table 7 – Interim assessment: knowledge and capacity building

NWI commitment	2026 interim assessment	Comments
Knowledge and capacity building will assist in underpinning implementation of the NWI ^a	<i>Largely achieved</i>	<p>Status: Jurisdictions are undertaking activities to build knowledge to support water resource management and service delivery. Progress in incorporating Aboriginal and Torres Strait Islander knowledges and enhancing protection for Indigenous Cultural and Intellectual Property (ICIP) appears piecemeal.</p> <p>Key updates from jurisdictions: While this outcome has not been fully achieved, jurisdictions provided updates on knowledge and capacity building work undertaken since 2024. Examples included:</p> <ul style="list-style-type: none"> • the WA Government is further incorporating climate science in water planning and management • the Tasmanian Government undertook a state-wide climate change risk assessment • the Victorian Government is refreshing Pupangarli Marnmarnepu (the Department of Energy, Environment and Climate Action's Aboriginal Self-Determination Reform Strategy), which will include a commitment to protecting ICIP • the NSW Government continues to invest in local water utility capability through the Town Water Risk Reduction Program. <p>Participant feedback: Participants raised concerns about training and capacity building for the water service workforce in regional and remote areas, and called for an increased focus on and investment in training and capacity building (AWA, sub. 50, pp. 18–19; Balmoral Group Australia, sub. 52, pp. 1–2; CNSWJO, sub. 18, p. 5; LGAQ, sub. 55, p. 3; qldwater, sub. 24, p. 5; RDA Mid North Coast, sub. 63; WIOA; sub. 26).</p>

NWI commitment	2026 interim assessment	Comments
Identify key knowledge and capacity building priorities needed to support ongoing implementation of the NWI ^b	<i>Partially achieved</i>	<p>Participants raised concerns about how Aboriginal and Torres Strait Islander knowledges are incorporated in water management and highlighted a substantial shift is required to incorporate knowledges in a meaningful and systemic way (CEG, sub. 17, p. 6; First Nations Research Program, One Basin CRC, sub. 41, p. 3). Territory Rivers Alliance (sub. 70, p. 2) recommended ‘Traditional Owner knowledge, science and governance structures be given legal effect and integrated into water management’.</p> <p>Status: In 2024, the PC found most jurisdictions had published knowledge building priorities and few jurisdictions had identified capacity building priorities. There appears to be limited progress since 2024. Progress in monitoring and identifying actions to address capacity and capability needs appears limited.</p> <p>Key updates from jurisdictions: While this outcome has been partially achieved, jurisdictions provided updates since 2024. For example:</p> <ul style="list-style-type: none"> • the SA Government has undertaken a water training needs survey to support capacity building initiatives for water industry entities • the NSW Aboriginal Water Strategy includes a commitment for the NSW Government to embed Aboriginal and Torres Strait Islander knowledges in water planning and management. <p>Participant feedback: qldwater (sub. 24, p. 5) said the Queensland Government should publish and implement its First Nations Water Strategy, with funded actions addressing training needs.</p>
Identify and implement proposals to better coordinate the national water knowledge effort ^c	<i>Partially achieved</i>	<p>Status: In 2024, the PC found jurisdictions coordinated research efforts in specific areas, but there was no national coordination of water knowledge generation. There appears to be limited progress since 2024.</p> <p>Key updates from jurisdictions: The Australian Government commissioned an independent review of water science and research, which found that Australia lacks a collective set of strategic and collaborative water research priorities (O’Kane 2025).</p> <p>Participant feedback: Water Research Australia (sub. 29, p. 1) said there is a lack of coordination or stewardship of water research. Participants called for improved coordination of and investment in water research (ATSE, sub. 3, p. 2; One Basin CRC, sub. 28, pp. 3–4; Water Research Australia, sub. 29, p. 1).</p>

Achieved: All requirements met. Largely achieved: Requirements generally met, with some exceptions. Partially achieved: Only some requirements met. **a.** NWI paragraph 100. **b.** NWI paragraph 101 i). **c.** NWI paragraph 101 ii).

10. Community partnerships and adjustment

This section considers progress in achieving the outcomes relating to element 8 of the NWI, community partnerships and adjustment. The PC's interim assessment of jurisdictions' progress is in table 8. The notes to the table indicate which assessment items relate to which NWI actions.

As noted in section 11, the 2004 NWI does not reflect contemporary expectations of what constitutes meaningful involvement and participation of Aboriginal and Torres Strait Islander people in water planning processes.

Table 8 – Interim assessment: community partnerships and adjustment

NWI commitment	2026 interim assessment	Comments
Community partnerships^a		
<p>Engage water users and other stakeholders by:</p> <ul style="list-style-type: none"> • providing opportunities to communities to express their views in a range of processes • providing information to support decision-making through these processes • taking steps to respond to stakeholder concerns, and document outcomes from these processes. 	<p><i>Largely achieved</i></p>	<p>Status: Jurisdictions are providing opportunities for communities to express their views, and some jurisdictions are providing information to support decision-making and taking steps to respond to stakeholder concerns and document outcomes.</p> <p>Key updates from jurisdictions: Most jurisdictions provided updates on engagement undertaken since 2024 and some jurisdictions have changed their engagement processes. For example, the NSW Department of Climate Change, Energy, the Environment and Water changed its 'what we heard' reports to better demonstrate how stakeholder feedback had influenced outcomes.</p> <p>Participant feedback: The Central Land Council (sub. 54) raised strong concerns about the NT Government's engagement with Aboriginal and Torres Strait Islander communities, including limited or no engagement on water plans being developed, and a commitment in the Territory Water Plan to establish an Aboriginal Water Advisory Council being abandoned. The Territory Rivers Alliance (sub. 70) raised similar concerns.</p> <p>While submissions noted governments have, overall, made some progress in improving engagement with Aboriginal and Torres Strait Islander people and communities, participants stated that progress is not systemic and formal partnerships and shared decision-making are limited (CEG, sub. 17, p. 6; ENREL, sub. 67, pp. 4–5; First Nations Research Program, One Basin CRC, sub. 41, pp. 2–3; Jennifer McKay, sub. 36, pp. 1–2; MCLE, sub. 48, pp. 15–16; WSAP, sub. 8, p. 1). Many participants called for improved engagement, consistent with the <i>National Agreement on Closing the Gap</i> (Aquanex, sub. 39, p. 9; AWA, sub. 50, p. 21; CNSWJO, sub. 18, p. 7; CEG, sub. 17, p. 6; CLC, sub. 54, p. 14; First Nations Research Program, One Basin CRC, sub. 41, p. 4; ILSC, sub. 2, p. 5; Jennifer McKay, sub. 36, p. 5; MCLE, sub. 48, p. 12; WSCA, sub. 30, p. 3).</p> <p>Other concerns raised by participants included:</p> <ul style="list-style-type: none"> • communities being consulted after key decisions were made or being excluded from formal engagement progresses (CWA, sub. 25, p. 13) • insufficient transparency about how decisions are made, including on the new NWA (NIC, sub. 65, p. 1; NSWIC, sub. 57, p. 4). <p>Cotton Australia (sub. 22, p. 4) stated going forward, governments should prioritise consolidation and implementation over further structural reform, including maintaining genuine stakeholder engagement. The NSW Irrigators' Council (sub. 57, p. 5) said 'future reform frameworks should place greater emphasis on implementation transparency' and 'strengthening accountability and stakeholder</p>

NWJ commitment	2026 interim assessment	Comments
		engagement will improve both the effectiveness and long-term legitimacy of future water reform efforts'.
Community adjustment assistance^b		
Address adjustment issues raised by the implementation of the NWJ	<i>Largely achieved</i>	<p>Status: Since 2024, the Sustainable Communities Program (SCP) has been established to deliver community adjustment measures in Basin states.</p> <p>Key updates from jurisdictions: The NSW and SA governments, with the Australian Government, have begun implementing the SCP. The Victorian Government undertook engagement that informed its decision to participate in SCP.</p> <p>Participant feedback: Inquiry participants provided limited feedback on this sub-element. The Australian Dairy Industry Council (sub. 66, p. 1) and the Coalition (sub. 33, p. 2) raised broader concerns about the impacts of water buybacks.</p>

Achieved: All requirements met. Largely achieved: Requirements generally met, with some exceptions. Partially achieved: Only some requirements met. **a.** NWJ paragraphs 93 and 95–96. **b.** NWJ paragraph 97.

11. Water interests of Aboriginal and Torres Strait Islander people

Under the NWJ, jurisdictions agreed that water access entitlements and planning frameworks (element 1) would recognise the needs of Aboriginal and Torres Strait Islander people⁴ in relation to water access and management. Consistent with the approach taken in 2024, the PC has assessed the progress of jurisdictions against the NWJ actions outlined in the current agreement. However, in doing so the PC reiterates the limitations of the 2004 NWJ actions (PC 2021, pp. 122–125, 2024, p. 70), and in undertaking the 2026 progress assessment has reflected contemporary expectations of what constitutes meaningful representation of Aboriginal and Torres Strait Islander people in water planning processes, including alignment with governments' commitments under the National Agreement on Closing the Gap.

The PC's interim assessment of jurisdictions' progress is in table 9. The notes to the table indicate which assessment items relate to which NWJ actions.

Table 9 – Interim assessment: water interests of Aboriginal and Torres Strait Islander people

NWJ commitment	2026 interim assessment	Comments
Aboriginal and Torres Strait Islander representation in water planning processes ^a	<i>Partially achieved</i>	<p>Status: All jurisdictions continue to engage with Aboriginal and Torres Strait Islander people in water planning processes, with some changing their processes to improve representation.</p> <p>Key updates from jurisdictions: Progress on increasing Aboriginal and Torres Strait Islander people's representation in water planning and management has been made in NSW (Regional Aboriginal Water Committees), Victoria (provisions for sharing and trading water entitlements in the statewide Treaty), Queensland (representation on Queensland's Water Engagement Forum and GAB advisory council) and SA (Landscape Board Aboriginal Engagement Committees).</p>

⁴ The 2004 NWJ refers to Indigenous Access.

NWI commitment	2026 interim assessment	Comments
Water plans will incorporate Aboriginal and Torres Strait Islander social, spiritual and customary objectives and strategies for achieving these objectives ^b	Partially achieved	<p>Participant feedback: Participants state that policy and engagement activity has not shifted underlying governance settings, with Aboriginal and Torres Strait Islander people’s participation still framed largely through advisory and consultative mechanisms rather than shared authority (CEG, sub. 17, p. 6; First Nations Research Program One Basin CRC, sub. 41, p. 3; ILSC, sub. 2, p. 4). The CLC (sub. 54, p. 7) stated the NT Government has ‘continued to backslide’ against this outcome. Table 8 provides further detail on engagement with Aboriginal and Torres Strait Islander people.</p>
Water planning processes will provide for the possible existence of native title rights to water in the catchment or aquifer area ^c	Partially achieved	<p>Status: Most state and territory governments are including or updating Aboriginal and Torres Strait Islander people’s objectives in water plans as they are reviewed.</p> <p>Key updates from jurisdictions: Incremental progress has been made since the 2024 assessment.</p> <p>Queensland, Tasmania and the ACT governments have engaged with specific Aboriginal and Torres Strait Islander groups to include objectives in water plans, the SA Government has made changes to revised water plans, and the NSW Government now has an overarching Aboriginal Water Strategy.</p> <p>The Australian Government has received two MDB First Nations water reports (DCCEEW 2025a, 2026).</p> <p>Participant feedback: Participants raised concerns that cultural objectives are acknowledged in plans and policy, but are not embedded in binding protections, allocation settings or implementation arrangements (CLC, sub. 54, p. 7; First Nations Research Program One Basin CRC, sub. 41, p. 3; Jennifer McKay, sub. 36, p. 3; MCLE, sub. 48, pp. 15–16).</p> <p>qldwater (sub. 24, p. 5) stated that Queensland’s First Nations Water Strategy has not yet been finalised or publicly released.</p> <p>Status: State and territory governments planning processes provide for the existence of native title rights. The Inland Waters Target under the National Agreement on Closing the Gap is still to be finalised.</p> <p>Key updates from jurisdictions: Most state and territory governments are working on developing an Inland Waters Target under the National Agreement on Closing the Gap. The <i>Aboriginal Water Entitlement Program</i> has secured 19.8 GL under interim governance arrangements.</p> <p>Participant feedback: Many participants identified the low level of water entitlements held by Aboriginal and Torres Strait Islander people (First Nations Research Program One Basin CRC, sub. 41, p. 3; ILSC, sub. 2, p. 3; MCLE, sub. 48, pp. 12 – 15; Territory Rivers, sub. 70, pp. 3, 7).</p> <p>The Indigenous Land and Sea Corporation (sub. 2, p. 3) highlighted the inland waters target has been in development for years and is still to be finalised.</p> <p>The Territory Rivers Alliance (sub. 70, p. 7) stated the previously proposed target of 3% of water rights is profoundly inadequate for the NT and would embed structural inequity rather than remedy it.</p>

NWI commitment	2026 interim assessment	Comments
Water allocated to native title holders for traditional cultural purposes will be accounted for ^d	<i>Partially achieved</i>	<p>Status: State and territory governments have processes to account for native title rights in water planning. Some governments have created alternative policies to recognise native title rights in water, but there has been limited progress since 2024 in facilitating water access.</p> <p>Key updates from jurisdictions: The NT has had legislative change with respect to Aboriginal Water Reserves to simplify the process. Jurisdictions have provided information on Aboriginal and Torres Strait Islander water holdings but did not identify whether those holdings were through native title for traditional cultural purposes.</p> <p>Participant feedback: The CLC (sub. 54, pp. 10–12) stated the Northern Territory’s legislative change with respect to Aboriginal Water Reserves was made without consulting Land Councils and may undermine their practical implementation and result in adverse outcomes for Aboriginal people. The CLC also stated that the NT Government has failed to recognise that extraction licences constitute Future Acts under the <i>Native Title Act 1993</i> (Cth), which would require the provision of procedural rights. As a result, this privileges industry with pre-existing licences over Aboriginal people in accessing water.</p> <p>Other participants have identified that access to water through Aboriginal Water Reserves needs to be strengthened (AHNT, sub. 62, p. 2; MCLE, sub. 48, p. 14).</p>

Achieved: All requirements met. Largely achieved: Requirements generally met, with some exceptions. Partially achieved: Only some requirements met. **a.** NWI paragraph 52 i). **b.** NWI paragraph 52 ii). **c.** NWI paragraph 53. **d.** NWI paragraph 54.

A. Submissions received

Organisation	Submission no.
Aboriginal Housing Northern Territory (AHNT)	62
Aquanex	39
Arup Australia	58
Association of Mining and Exploration Companies (AMEC)	40
Australian Academy of Technological Sciences and Engineering (ATSE)	3
Australian Dairy Industry Council (ADIC)	66
Australian Water Association (AWA)	50
Autodesk	42
Balmoral Group Australia	52
Border Rivers Food and Fibre (BRFF)	47
Bucknell, Dugald	60
Central Land Council (CLC)	54
Central NSW Joint Organisation (CNSWJO)	18
Centre for Environmental Governance, University of Canberra (CEG)	17
Clean Ocean Foundation (COF)	11
Cobram Estate Olives	45
Concerned Waterways Alliance (CWA)	25
Coolum and North Shore Coast Care (CaNSCC)	9
Coombes, Dr Peter	37
Cotton Australia	22
Crase, Lin; Cooper, Bethany and Ben van den Akker	5
Dharriwaa Elders Group (DEG)	21
Donaldson, Lee	16
Environmental and Natural Resources Law Research Unit, Adelaide Law School, University of Adelaide (ENREL)	67
Esri Australia	46
Essential Energy	23
eWater Group (eWater)	12
First Nations Research Program, One Basin Cooperative Research Centre	41
Friends of Latrobe Water (FLoW)	44
Independent Pricing and Regulatory Tribunal (IPART)	10
Indigenous Land and Sea Corporation (ILSC)	2
Infrastructure Partnerships Australia	49

Organisation	Submission no.
Kremford	4
Local Government Association of Queensland (LGAQ)	55
McKay, Professor Jennifer	36
Melbourne Centre for Law and the Environment, Melbourne Law School, University of Melbourne (MCLE)	48
Murray–Darling Conservation Alliance	38
Name withheld	7
National Environmental Law Association (NELA)	56
National Farmers' Federation (NFF)	31
National Irrigators' Council (NIC)	65
NSW Department of Climate Change, Energy, the Environment and Water (NSW DCCEEW)	20
NSW Irrigators' Council (NSWIC)	57
NSW Water Directorate	69
One Basin Cooperative Research Centre (One Basin CRC)	28
Procure Now	1
Queensland Farmers' Federation (QFF)	15
Queensland Water Directorate (qldwater)	24
Regional Capitals Australia (RCA)	68
Regional Development Australia (RDA) Mid North Coast	63
Resilient Futures	71
SeaWell	27
South Australian Council of Social Service (SACOSS)	19
Stormwater 2030	59
Stormwater Australia	13
Sustainable Population Australia	64
TasWater	32
Taylor, Dr Nathan and Western, Professor Andrew	35
Territory Rivers Alliance (Territory Rivers)	70
The National Party of Australia and the Liberal Party of Australia (the Coalition)	33
Urban Utilities	61
Veolia Australia and New Zealand (Veolia)	43
VicWater	34
Water Efficiency Individuals	6
Waterfind	14
Water Industry Operations Association of Australia (WIOA)	26

Organisation	Submission no.
Water Research Australia	29
Water Sensitive Cities Australia (WSCA)	30
Water Services Association of Australia (WSAA)	53
Water Stewardship Asia Pacific (WSAP)	8
WaterNSW	51

B. Stakeholder working group

In accordance with section 89 of the *Water Act 2007* (Cth), the Commission established a stakeholder working group for this inquiry. The stakeholder working group provides a forum to exchange information and views on issues relevant to this inquiry.

Participants

Australian Academy of Technological Sciences and Engineering

Australian Water Association

Committee on Aboriginal and Torres Strait Islander Water Interests

Environmental Justice Australia

Minerals Council of Australia

National Farmers' Federation

National Health and Medical Research Council

South Australian Council of Social Service

Water Services Association of Australia

C. Perspectives on the National Water Agreement

While advising on the content of the draft NWA is out of scope for this inquiry (section 2), participants provided feedback on the NWA in submissions and meetings (including the stakeholder working group), covering its development, the draft Agreement, and what should be included in a finalised NWA. This appendix summarises some of that feedback.

Some participants expressed their support for water reform through a renewed NWA. The Water Services Association of Australia (sub. 53, p. 6) called for a 'national reset' through a renewed NWA, with genuine engagement by all jurisdictions (including the Australian Government) and clear accountability for delivery. Water Stewardship Asia Pacific (sub. 8, p. 1) stated 'national frameworks under the NWI – and now the National Water Agreement – continue to provide a strong policy foundation'. In addition, Kremford (sub. 4, p. 2) welcomed 'the NWA and the opportunity it creates to embed better measurement standards into a refreshed national water policy framework from the outset'.

Several participants also discussed positive aspects of the draft NWA, including its coverage of climate change impacts, science and data (ATSE, sub. 3, p. 2), and its stronger recognition of Aboriginal and Torres Strait Islander water interests (Territory Rivers Alliance, sub. 70, p. 7), and the inclusion of water services in the national water reform priorities (LGAQ, sub. 55, p. 2). Urban Utilities (sub. 61, p. 1) welcomed 'the renewed clarity and alignment it provides for cross-jurisdictional water management and service delivery'. WaterNSW (sub. 51, p. 2) endorsed independent economic regulation and water services pricing being one of the six streams of work proposed to realise the objectives of the NWA.

However, some participants raised concerns about the NWA's development process. Concerns were raised that the version of the NWA that was signed by the Australian Government and is with state and territory governments for signing is not publicly available as at June 2026 (NFF, sub. 31, pp. 4–5; NIC, sub. 65, p. 1). Some participants also noted a lack of clarity and specificity regarding how this inquiry aligns with the development of the NWA (for example, AWA, sub. 50, p. 6; NFF, sub. 31, p. 4). In addition, while participants noted the Committee on Aboriginal and Torres Strait Islander Water Interests provided advice on the draft NWA, some participants were concerned the overall engagement with Aboriginal and Torres Strait Islander people and communities was not best practice (ENREL, sub. 67, pp. 4–5; ILSC, sub. 2, p. 4).

Some participants also had concerns about the draft NWA. The Territory Rivers Alliance (sub. 70, p. 8), for example, argued 'it is inadequate to secure Australia's stated commitments under international human rights and environmental agreements'. Border Rivers Food and Fibre (sub. 47, p. 2) stated 'the draft National Water Agreement risks weakening the detailed, enforceable commitments of the 2004 NWI without replacing them with equally robust provisions'. And the National Irrigators' Council (sub. 65, pp. 8–9) raised concerns about unclear governance and a lack of financial support for its implementation.

Some participants raised ideas for the national water reform agenda including, for example:

- affirming that water is a basic human right (CWA, sub. 25, p. 11)
- an increased focus on climate change mitigation and adaptation (MCLE, sub. 48, pp. 1–2) and other long-term pressures such as demand from housing and data centres, intergenerational equity concerns, and the nexus between water, energy and food
- increased recognition of the importance of groundwater (AMEC, sub. 40, p. 3; Kremford, sub. 4, p. 7; MCLE, sub. 48, pp. 1–2)
- increased realisation of Aboriginal and Torres Strait Islander water rights and interests (CWA, sub. 25, pp. 15–16; Territory Rivers Alliance, sub. 70, p. 7)

- improved knowledge sharing and capacity building, including using digital tools to share information, and applying the latest scientific standards to water issues
- ensuring implementation plans are published, have defined milestones, and require annual reporting (AMEC, sub. 40, p. 3).

D. NWI element outcomes

Water access entitlements and planning framework (NWI paragraph 25)

The Parties agree that their water access entitlements and planning frameworks will deliver the following outcomes:

- enhance the security and commercial certainty of water access entitlements by clearly specifying the statutory nature of those entitlements
- provide a statutory basis for environmental and other public benefit outcomes in surface and groundwater systems to protect water sources and their dependent ecosystems
- be characterised by planning processes in which there is adequate opportunity for productive, environmental and other public benefit considerations to be identified and considered in an open and transparent way
- provide for adaptive management of surface and groundwater systems in order to meet productive, environmental and other public benefit outcomes
- implement firm pathways and open processes for returning previously overallocated and/or overdrawn surface and groundwater systems to environmentally sustainable levels of extraction
- clearly assign the risks arising from future changes to the consumptive pool
- in the case of water access entitlements, be compatible across jurisdictions to improve investment certainty, be competitively neutral and to minimise transaction costs on water trades (where relevant)
- reflect regional differences in the variability of water supply and the state of knowledge underpinning regional allocation decisions
- recognise indigenous needs in relation to water access and management
- identify and acknowledge surface and groundwater systems of high conservation value, and manage these systems to protect and enhance those values, and
- protect the integrity of water access entitlements from unregulated growth in interception through land use change.

Water markets and trading (NWI paragraph 58)

The States and Territories agree that their water market and trading arrangements will deliver the following outcomes:

- facilitate the operation of efficient water markets and the opportunities for trading, within and between States and Territories, where water systems are physically shared or hydrologic connections and water supply considerations will permit water trading
- minimise transaction costs on water trades, including through good information flows in the market and compatible entitlement, registry, regulatory and other arrangements across jurisdictions
- enable the appropriate mix of water products to develop based on access entitlements which can be traded either in whole or in part, and either temporarily or permanently, or through lease arrangements or other trading options that may evolve over time
- recognise and protect the needs of the environment, and
- provide appropriate protection of third party interests.

Best practice water pricing and institutional arrangements (NWI paragraph 64)

The Parties agree to implement water pricing and institutional arrangements which:

- promote economically efficient and sustainable use of:
 - water resources
 - water infrastructure assets, and
 - government resources devoted to the management of water
- ensure sufficient revenue streams to allow efficient delivery of the required services
- facilitate the efficient functioning of water markets, including inter jurisdictional water markets, and in both rural and urban settings
- give effect to the principles of user pays and achieve pricing transparency in respect of water storage and delivery in irrigation systems and cost recovery for water planning and management
- avoid perverse or unintended pricing outcomes, and
- provide appropriate mechanisms for the release of unallocated water.

Integrated management of environmental water and other public benefit outcomes (NWI paragraph 78)

The Parties agree that the outcome for integrated management of environmental water is to identify within water resource planning frameworks the environmental and other public benefit outcomes sought for water systems and to develop and implement management practices and institutional arrangements that will achieve those outcomes by:

- identifying the desired environmental and other public benefit outcomes with as much specificity as possible
- establishing and equipping accountable environmental water managers with the necessary authority and resources to provide sufficient water at the right times and places to achieve the environmental and other public benefit outcomes, including across State/Territory boundaries where relevant, and
- optimising the cost effectiveness of measures to provide water for these outcomes.

Water resource accounting (NWI paragraph 80)

The Parties agree that the outcome of water resource accounting is to ensure that adequate measurement, monitoring and reporting systems are in place in all jurisdictions, to support public and investor confidence in the amount of water being traded, extracted for consumptive use, and recovered and managed for environmental and other public benefit outcomes.

Urban water reform (NWI paragraph 90)

The Parties agree that the outcome for urban water reform is to:

- provide healthy, safe and reliable water supplies
- increase water use efficiency in domestic and commercial settings
- encourage the re use and recycling of wastewater where cost effective
- facilitate water trading between and within the urban and rural sectors
- encourage innovation in water supply sourcing, treatment, storage and discharge, and
- achieve improved pricing for metropolitan water (consistent with paragraph 66.(i) to 66.(iv)).

Knowledge and capacity building (NWI paragraph 100)

Parties agree that the outcome of knowledge and capacity building will assist in underpinning implementation of this Agreement.

Community partnerships and adjustment (NWI paragraphs 93–94)

Parties agree that the outcome is to engage water users and other stakeholders in achieving the objectives of this Agreement by:

- improving certainty and building confidence in reform processes
- transparency in decision making, and
- ensuring sound information is available to all sectors at key decision points.

Parties also agree to address adjustment issues raised by the implementation of this Agreement.

Water interests of Aboriginal and Torres Strait Islander people (NWI paragraphs 52–54)

NWI parties committed to the following actions:

- The Parties will provide for indigenous access to water resources, in accordance with relevant Commonwealth, state and territory legislation, through planning processes that ensure:
 - inclusion of indigenous representation in water planning wherever possible; and
 - water plans will incorporate indigenous social, spiritual and customary objectives and strategies for achieving these objectives wherever they can be developed.
- Water planning processes will take account of the possible existence of native title rights to water in the catchment or aquifer area. The Parties note that plans may need to allocate water to native title holders following the recognition of native title rights in water under the Commonwealth *Native Title Act 1993*.
- Water allocated to native title holders for traditional cultural purposes will be accounted for.

E. Terms of reference

National water inquiry

I, the Hon Jim Chalmers MP, Treasurer, pursuant to Parts 2 and 3 of the *Productivity Commission Act 1998* and Section 88 of the *Water Act 2007* (the Water Act), request that the Productivity Commission (the Commission) undertake a National Water Inquiry.

In addition to the requirements of Section 88, the Inquiry should also advise on approaches for a more sustainable water service industry, as set out below, to inform further work by all jurisdictions to refresh Australia's water policy.

Background

Water underpins Australia's social and cultural wellbeing, supports the resilience of communities and industries, and sustains the ecosystems and environmental values that make Australia unique. As climate change places increasing pressure on this finite and highly variable resource, we must continue to ensure that water is managed carefully to meet the needs of people, economies and the environment.

The water sector plays a critical role in delivering the services that underpin economic activity in urban and regional communities. Ongoing reform and adaptation of the sector is essential to ensure its continued effectiveness in responding to contemporary challenges, such as climate change, population growth, and competition for water resources from new and expanding industries. The inquiry provides the opportunity to examine approaches needed to manage and support a sustainable and resilient water services industry.

Since the last inquiry, the Australian Government worked in partnership with all jurisdictions to renew the national approach to water reform established under the 2004 National Water Initiative (NWI). This was done through the development of a new intergovernmental agreement – the National Water Agreement (NWA). The Committee on Aboriginal and Torres Strait Islander Water Interests provided guidance on developing the NWA to the National Water Committee and the Water Ministerial Council to elevate Aboriginal and Torres Strait Islander water interests and values.

The NWA retains the strong foundations of the NWI, while introducing new priorities, objectives and outcomes. Jurisdictions are commencing work to refresh Australia's water policy. This will include updating water pricing principles and reviewing independent economic regulation.

Scope of the inquiry

The Commission should apply the requirements of Section 88 of the Water Act noting that:

- the NWI that set shared goals and national priorities for water management – is more than 20 years old
- the Commonwealth, together with the States and Territories, has developed a new NWA which builds on the strengths of the NWI to address current and future water challenges
- the Australian Government has signed the NWA, and it is now with each state and territory government to consider signing
- jurisdictions who are party to the NWA by 28 May 2026, will have entered into the successor framework to the NWI with updated objectives.

The Commission should also examine all jurisdictions' water policy and regulatory settings required to support the long-term sustainability of Australia's water services industry, having regard to water affordability,

productivity and other key priorities (housing supply, net zero transition, National Closing the Gap targets and the sustainable development of new industries, including data centres).

The Commission should provide recommendations on approaches that Australian governments and the water services industry can take to improve the security, resilience and sustainability of water services, and support productivity and affordability, through consideration of:

- pricing:
 - ensuring efficient resource allocation and the long-term financial sustainability of the water services industry
 - approaches to the challenge of balancing affordability with long-term service resilience.
- economic oversight and regulatory design that:
 - balances national consistency with jurisdictional diversity
 - achieves efficient cost recovery while meeting distributional and social policy objectives
 - promotes proactive and sustainable asset management
 - is responsive to emerging challenges such as environmental contaminants
 - supports utilities' long-term planning, including investment in circularity and moving operations towards net zero.
- governance options to improve the overall sustainability of the industry
- regional and equity considerations, including structural challenges faced by regional and remote utilities.

In conducting the inquiry, the Commission should consider:

- where relevant, the NWI and in particular the objectives listed in clause 23
- where relevant, the NWI schedules and associated principles, guidelines and modules and further policy work underway by jurisdictions to refresh Australia's water policy
- any Commonwealth, state or territory reform initiatives relevant to the inquiry scope including the NWA
- the scope of other relevant reviews (such as the reviews of the Water Act or Basin Plan 2012) with a view to avoiding re-examination of matters already under consideration
- the perspectives and socio-cultural rights of Aboriginal and Torres Strait Islander peoples
- the government response to the recommendations of the independent review of the National Agreement on Closing the Gap.

Process

The Commission is to update its findings from the National Water Reform 2024 inquiry report, in line with the requirements of the Water Act.

The Commission is to undertake public consultation including, inviting public submissions where appropriate.

The Commission should establish a stakeholder working group in accordance with Section 89 of the Water Act.

The Commission should consult nationally, including with Commonwealth, state and territory governments, relevant sectors and stakeholders and Aboriginal and Torres Strait Islander peoples.

The final report should be provided no later than 4 September 2026.

The Hon Jim Chalmers MP

Treasurer

[Received 27 March 2026]

References

- ABS (Australian Bureau of Statistics) 2023, *Remoteness Structure*, <https://www.abs.gov.au/statistics/standards/australian-statistical-geography-standard-asgs/edition-3-july-2021-june-2026/remoteness-structure> (accessed 9 June 2026).
- Australian Government 2026, *Budget 2026-27: Budget Measures Budget Paper No. 2*.
- BOM (Bureau of Meteorology) 2023, *National Performance Report Framework: Water and wastewater service providers Performance indicators and definitions handbook 2023*.
- 2026, *National performance report 2024–25: water and wastewater service providers*.
- DCCEEW (Australian Government Department of Climate Change, Energy, the Environment and Water) 2024, *Updated Draft National Water Agreement*.
- 2025a, *Murray–Darling Basin First Nations water report 2023–24*.
- 2025b, *The new National Water Agreement*, <https://www.dcceew.gov.au/water/policy/policy/national-water-agreement> (accessed 10 June 2026).
- 2026, *Murray–Darling Basin First Nations water report 2024–25*.
- IGWC (Australian Government Inspector-General of Water Compliance) 2025, *Monitoring and evaluation reporting of environmental outcomes – Stocktake report*.
- MDBA (Murray–Darling Basin Authority) 2026, *2026 Basin Plan Review Discussion Paper*.
- NWC (National Water Commission) 2014, *Fourth Assessment of the 2004 National Water Initiative*.
- O’Kane, M 2025, *Water science and research review*, Final report.
- PC (Productivity Commission) 2017, *National Water Reform*, Report no. 87, Canberra.
- 2021, *National Water Reform 2020*, Canberra.
- 2024, *National Water Reform 2024*, Inquiry Report no. 105, Canberra.
- 2026, *National Water Reform 2026: Water services reform directions*, Interim update, Canberra, June.
- TPC (Tasmanian Planning Commission) 2024, *State of the Environment Report 2024*.