

9 April 2021

National Water Reform Inquiry
Productivity Commission
Locked Bag 2
Collins St East
Melbourne VIC 8003
Via email: water.reform.2020@pc.gov.au

Re: National Water Reform Draft Report

Thank you for the opportunity to respond to the Productivity Commission's (PC) National Water Reform Draft Report. VicWater is the peak body of the Victorian water industry with its membership comprising Victoria's 19 statutory water corporations. They are responsible for the provision of urban water and wastewater services, rural water supply including irrigation and related drainage services.

The VicWater response to the National Water Reform Issues Paper, in August 2020, proposed that an 'community-values' narrative for water reform be embodied in the new NWI. This deliberative, community-based approach recognises the complexity of the water challenges facing Australia and emphasises community's role in deciding the most fundamental aspects of the response. Communities must be more deeply involved in setting the overall direction for water resource management, which subsequently influences the choice and adoption of policy instruments. The community gives rise to the policy setting and instrument choice, reversing the previous trend of a predefined governance mechanism with a controlled policy setting and attendant instrument path-dependency imposed on communities.

VicWater welcomes the PC's support for greater emphasis on "community-driven objectives for water security, service standards, urban amenity and the environment" within the urban water planning framework. The opportunity should also be taken to apply the community values approach to the issue of balancing environmental and consumptive shares, and traditional owner values. Below are issues on which the PC identified for further feedback in the draft report.

Balancing environmental and consumptive shares

In the draft report (p12), The Commission:

"seeks feedback on suitable triggers for rebalancing environmental and consumptive shares in the context of climate change. What are the advantages and disadvantages of the different approaches? How could continuous adjustment be implemented in practice? Are there any other potential triggers that could be used?"

The August 2020 VicWater submission discussed shortcomings of past attempts to characterise the issue of balancing environmental and consumptive uses as a purely technocratic challenge. This characterisation was epitomised by the 2004 NWI's objective to "return of all currently overallocated or overused systems to environmentally-sustainable levels of extraction" and the contemporaneous logic that simplistically assumed the sustainable yield could be devised arithmetically.

Any processes that may result in reducing the consumptive pool has the potential to become highly politicised. VicWater's recommended approach to balancing environmental and consumptive shares would avoid seeking to impose updated 'triggers' via the new NWI, rather the new NWI would outline principles for community values to play a much larger role in deciding on these fundamental questions.

The August 2020 VicWater submission proposed that:

"there is no right answer to 'environmentally sustainable diversion limit', instead the path forward should simply aim to combine factual scientific rigour with contemporary community values, recognising that both the scientific knowledge and community values may change over time."

From this principle, it seems incongruous that a 'trigger' values or a risk assignment framework (as was included in NWI 2004, paragraphs 48-50), should be reattempted in the new NWI.

Traditional owner values

VicWater supports an update to the principle guiding new infrastructure be amended to ensure that planning processes for developments are culturally responsive. Victorian water corporations are already taking significant steps to increase the participation of Traditional Owners in water planning under the Water for Victoria policy framework.

VicWater welcomes its further involvement in this review. Please contact James Cleaver should you have any questions, or if you would like to discuss any of the issues we have raised in greater detail.

Yours sincerely

Peter Morison
Chief Executive Officer