

National Water Commission

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National Water Initiative

The National Water Initiative (NWI) is Australia's blueprint for national water reform. The [NWI Agreement \(PDF 348KB\)](#) | [\(RTF 332KB\)](#) was signed by all governments at the 25 June 2004 [Council of Australian Governments](#) meeting (with the exception of Tasmania which signed the Agreement on 3 June 2005 and Western Australia which signed the Agreement on 6 April 2006).

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Overview of the National Water Initiative

The National Water Initiative builds on the previous Council of Australian Governments (COAG) framework for water reform signed by the Australian Government and all state and territory governments in 1994. Since 1994, national reform agreements of this kind have proved important in Australia for guiding the shape of water reform and maintaining the pace of water reform.

The National Water Initiative represents the Australian Government's and state and territory governments' shared commitment to water reform in recognition of:

- the continuing national imperative to increase the productivity and efficiency of Australia's water use;
- the need to service rural and urban communities; and
- ensuring the health of river and groundwater systems, including by establishing clear pathways to return all systems to environmentally sustainable levels of extraction (paragraph 5, NWI).

Just under half of the Initiative's 70 or so actions involve national actions or other action by governments working together. This reflects not just the emphasis in the Agreement on greater national compatibility in the way Australia measures, plans for, prices, and trades water. It also represents a greater level of cooperation between governments to achieve this end.

The National Water Initiative signifies:

- a commitment to identifying over-allocated water systems, and restoring those systems to sustainable levels
- the expansion of the trade in water resulting in more profitable use of water and more cost-effective and flexible recovery of water to achieve environmental outcomes
- more confidence for those investing in the water industry due to more secure water access entitlements, better registry arrangements, monitoring, reporting and accounting of water use, and improved public access to information
- more sophisticated, transparent and comprehensive water planning , and
- better and more efficient management of water in urban environments, for example through the increased use of recycled water and stormwater.

The National Water Initiative (NWI) assigns a number of responsibilities to the [Natural Resource Management Ministerial Council \(NRMMC\)](#). These include the development of a comprehensive national set of performance indicators for the NWI and

overseeing implementation of the NWI, particularly for actions that require national coordination. In December 2004, the Australian Government established the [National Water Commission](#) to assist with implementation of the Initiative.

National Water Initiative objectives

The overall objective of the National Water Initiative is to achieve a nationally compatible market, regulatory and planning based system of managing surface and groundwater resources for rural and urban use that optimises economic, social and environmental outcomes. At the highest level, implementation of the National Water Initiative will achieve:

1. clear and nationally-compatible characteristics for secure *water access entitlements*;
2. transparent, statutory-based water planning;
3. statutory provision for *environmental and other public benefit outcomes*, and improved environmental management practices;
4. complete the return of all currently over-allocated or overused systems to *environmentally-sustainable levels of extraction*;
5. progressive removal of barriers to trade in water and meeting other requirements to facilitate the broadening and deepening of the water market, with an open trading market to be in place;
6. clarity around the assignment of risk arising from future changes in the availability of water for the *consumptive pool*;
7. water accounting which is able to meet the information needs of different water systems in respect to planning, monitoring, trading, environmental management and on-farm management;
8. policy settings which facilitate water use efficiency and innovation in urban and rural areas;
9. addressing future adjustment issues that may impact on water users and communities; and
10. recognition of the connectivity between surface and groundwater resources and connected systems managed as a single resource.

The National Water Initiative agreement includes objectives, outcomes and agreed actions to be undertaken by governments across eight inter-related elements of water management:

1. [water access entitlements and planning framework](#)
2. [water markets and trading](#)
3. [best practice water pricing](#)
4. [integrated management of water for environmental and other public benefit outcomes](#)
5. [water resource accounting](#)
6. [urban water reform](#)
7. [knowledge and capacity building](#)
8. [community partnerships and adjustment](#)

Water access entitlements and planning framework

A key aim of the Initiative is to restore surface and groundwater systems to environmentally sustainable levels. Water sharing plans will help to bring certainty for consumers, and allow them greater scope to plan agricultural and other activities.

Water markets and trading

The NWI will work towards the removal of institutional barriers to trade in water. Water trading systems will have the widest possible geographic scope, and will not be restricted to within catchment areas.

Best practice water pricing

Water pricing and institutional arrangements under the NWI will promote economically efficient and sustainable use of water resources, water infrastructure assets, and government resources; ensure sufficient revenue streams to allow efficient delivery of services; facilitate the efficient functioning of water markets; give effect to the principles of consumption-based pricing and full cost recovery; and provide appropriate mechanisms for the release of unallocated water.

Integrated management of water for environmental and other public benefit outcomes

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.

Water resource accounting

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

The NWI will ensure healthy, safe and reliable water supplies; increase water use efficiency in domestic and commercial settings; encourage the re-use and recycling of wastewater; 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.

Knowledge and capacity building

The NWI identifies areas where there is significant knowledge and capacity building needs for its ongoing implementation. Signatories to the Initiative have agreed to identify the key knowledge and capacity building priorities needed to support ongoing implementation of the Agreement, and identify and implement proposals to more effectively coordinate the national water knowledge effort.

Community partnerships and adjustment

Government are to engage Water users and other stakeholders in achieving the objectives of the Initiative by improving certainty and building confidence in the reform processes; transparency in decision making; and ensuring sound information is available to all sectors at key decision points. New and improved measuring, monitoring, reporting and accounting procedures will be introduced, and improved public access to information will increase public acceptance of the Initiative.

Links:

[Full text of the National Water Initiative \(PDF 348KB\)](#) | [\(RTF\)](#)

The [COAG Communiqué](#) of 25 June 2004

The [COAG Communique](#) of 6 May 2005

The [COAG Communique](#) of 3 June 2005