

The background of the page features several overlapping, wavy, horizontal bands of teal and light blue. These bands flow from the left side towards the right, creating a sense of movement and depth. The colors transition from a pale, almost white teal on the left to a more vibrant, medium teal on the right.

Section 1
Review by the Chair and
Chief Executive Officer

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Over the past year, the National Water Commission has continued to push vigorously to improve water management under Australia's blueprint for water reform—the National Water Initiative (NWI).

In a very significant decision, the newly elected Australian Government reaffirmed the primacy of the NWI as the 'road map' for water planning and management across Australia. The government also affirmed the independent role of the Commission to assess and report on the implementation of the NWI.

New reporting arrangements and functions

Significant changes to the Commission's role and functions occurred following the 2007 federal election and subsequent change of government. Under the Administrative Arrangements Orders issued in December 2007, the National Water Commission was placed in the Environment, Water, Heritage and the Arts portfolio. As an independent statutory body, the Commission reports directly to the Minister for Climate Change and Water, Senator the Hon. Penny Wong. This means that the Commission is now accountable from its place in the environment portfolio through to Minister Wong, who is within the Prime Minister and Cabinet portfolio. Current reporting and accountability arrangements within the portfolio are pictured in figure 2 on page 20 of this report.

The *Water Act 2007* assigned to the Commission new and additional powers to audit the effectiveness of the implementation of the Murray-Darling Basin Plan and the water resource plans within the basin. If requested by the Minister, the Commission will also report on the conformance of reforms and projects with the objectives of the NWI. The government has also indicated that, subject to delegation by the COAG Reform Council, it will consider the Commission's advice on progress by the states and territories in water reform before making any water-related National Partnership Payments under the COAG agreement of March 2008. Finally, the Minister has asked the Commission to report regularly and independently on opportunities to advance water reform and provide independent perspectives with a special focus on issues that may benefit from a more national approach.

Taking these various changes into account the National Water Commission had nine key functions as at 30 June 2008.

Functions of the National Water Commission as at 30 June 2008

1. Assist with the implementation of the NWI
2. Promote and advocate the objectives and outcomes of the NWI
3. Assess the water reform progress of NWI parties and advise COAG
4. Report regularly and independently on opportunities to advance water reform
5. Advise COAG, the Commonwealth or the Minister on matters relating to water
6. Advise the Minister in relation to any Commonwealth water-related program
7. Audit the effectiveness of the Murray-Darling Basin Plan and water resource plans
8. If delegated to the Commission by the COAG Reform Council, assess the performance of Murray-Darling Basin states under Commonwealth–State water management partnerships
9. Advise on conformance of reforms and projects with the objectives of the NWI

Refer to relevant legislation for full and precise details.

Changes in program responsibilities

Following the election, the Minister for Climate Change and Water decided to transfer responsibility for the Water Smart Australia Program from the Commission to the Department of Environment, Water, Heritage and the Arts (DEWHA). The Water Smart Australia Program had been a key element of the Commission's operations throughout its first three years. With the transfer of the program, nine staff moved to DEWHA in December 2008, being formally transferred (under an s72 determination under the *Public Service Act 1999*) with effect from 31 March 2008. As a result, the Commission's 2007–08 average staffing level reduced from 54 to 45.

Interim program management arrangements were negotiated between the Secretary of DEWHA and the Commission. These interim arrangements were necessary because the CEO of the Commission continued to be legally



National Water Commission Chair and CEO, Mr Ken Matthews

accountable for the Water Smart Australia Program and the management of the program's funds in the Commission's special account for the full year, until funds for the program were appropriated to DEWHA. These interim arrangements were formalised in an exchange of letters specifying the accountabilities and responsibilities of all parties. Final transfer of program responsibility took effect from 1 July 2008.

The Commission's 2007–08 annual report provides information for the Water Smart Australia Program for the full financial year. Expenditure associated with the staff and running costs of the program is reported up to 31 March 2008.

Commissioners' appointments

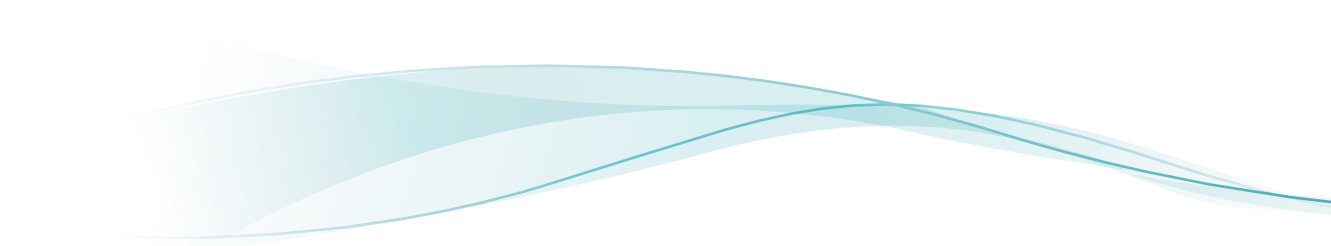
The three-year term of the National Water Commission's commissioners expired on 9 March 2008. As required by the *National Water Commission Act 2004* the Minister initiated a Commonwealth–State process to identify future appointees. Pending the outcome, the Minister extended existing appointments until 9 September 2008. During the year two commissioner positions became vacant following the resignation of Dr Wally Cox in October 2007 and the death of Professor Peter Cullen in March 2008.

Major activities and achievements

Under the \$200 million Raising National Water Standards Program, the Commission manages a portfolio of 105 projects. These projects are contributing to improved water management across Australia. Each project has been developed to meet a specific reform identified under the NWI. Details of how these projects are contributing to better water management are provided in section 4 of this report.

Through the Water Smart Australia Program, major infrastructure investments, such as the Western Corridor Recycled Water project in South-East Queensland and the Remote Reading of Irrigation Water Meters project in the Riverland in South Australia, have accelerated the development and uptake of smart technologies and water use practices across Australia.

In July 2007, the Commission released the findings of the second stage of the baseline assessment of water resources—*Australian Water Resources 2005*. This detailed assessment of the state of Australia's water resources at the commencement of the NWI provides a baseline from which future comparisons, and the success of NWI reform processes, can be measured.



In its role of assessing water reform progress, the Commission issued its first biennial assessment of progress under the NWI. This major report, released in October 2007, marked a milestone in the life of the NWI. It identified the strengths and weaknesses of water reform to date and has guided the future reform agenda.

The Commission expressed concern in its biennial assessment about the management of groundwater, recommending a coordinated research effort to advance groundwater policy reforms. In response, the Australian Government allocated funds for a comprehensive \$82 million National Groundwater Action Plan that is being managed by the Commission. Under this initiative, the Commission is undertaking projects to address groundwater knowledge gaps and progress critical groundwater reforms.

During February 2008, the Commission updated its biennial assessment of water reform progress in a report provided to the Minister and to a COAG working group considering future water reform priorities. Many of the issues identified in the Commission's update report were subsequently incorporated into the forward work program recommended to COAG by the Working Group on Climate Change and Water. The Commission's biennial assessment and update report are the basis for the feature essay that opens section 2 of this report.

In April 2008, in collaboration with the Water Services Association of Australia, the Commission issued the second *National Performance Report on Urban Water Utilities*. This report has become the definitive benchmarking comparison of the performance of urban water utilities in Australia and has been influential in determining future areas requiring greater reform attention. At the same time, the Commission issued the first *National Performance Report on Rural Water Service Providers*. Like its urban water counterpart, this report provides a wealth of comparative information about the performance of rural water providers. The Commission intends that the rural performance report will progressively improve transparency in the sector.

The Commission has made a special effort this year to improve the quality of debate about water in Australia and to fill information gaps on important water issues. To this end, the Commission has accelerated the publication of its Waterlines series of reports, typically accompanying these with position statements on major reform challenges. As at 30 June 2008, seven Waterlines reports had been published covering water market intermediaries, water data,

interception, water allocation planning and urban water pricing. In addition to the position statements released in association with these reports, the Commission also released a position statement on groundwater. Several position statements are featured in section 2 of this report.

In the interests of water sector leadership, the Commission co-sponsored the National Water Industry Skills Forum in Canberra in March 2008. This forum, which was opened by the Minister, brought together more than 80 water sector leaders to take action on the current skills shortages within the sector. Since then, an industry-led work program has been developed to tackle sector skills shortages. The Commission also agreed to co-sponsor a sector-wide discussion on the feasibility of an industry-led water export strategy, exploring a possible 'Australia Inc' approach to the export of water-related products, technologies and services.

A timeline on page 5 shows a more detailed list of the Commission's activities and achievements during 2007–08.

Our people

None of these achievements would be possible without the diligent work and commitment of the commissioners and staff of the Commission. Staff members are motivated by the immediacy of the water challenges in Australia and have worked selflessly throughout the year to make their own contributions to fixing the problems. I am grateful to each and every member of staff—they are great colleagues. Commissioners have worked well beyond the expectations of part-time appointees. Their intellectual creativity and leadership have been inspiring. In my view the water sector as a whole has benefited enormously from their contributions.

I cannot end without acknowledging the passing of my friend and colleague, Commissioner Peter Cullen. We pay tribute to Peter elsewhere in this report. However, I want to say publicly that Peter was a mainstay of the Commission and integral to the constructive dynamics around the Commission table. He was one of the original proponents of water reform in Australia and made a major personal contribution to it. The Commission has agreed that the best acknowledgement of Peter is to work even more effectively in pursuit of water reform. We are doing just that.

Ken Matthews

Chief Executive Officer

Activities and achievements timeline (Figure 1)

July 2007	Waterlines report: <i>Improving market confidence in water intermediaries</i>
	The Australian Water Resources 2005 released
	Stakeholder Forum held in Canberra
	WSA project for Eurobodalla Pipelines and Water Treatment Facilities announced (\$15m)
	3 RNWS projects for up-skilling water managers announced (\$2m)
	Accreditation of the WA Implementation Plan for the NWI
August	WSA project for Virginia Pipeline extension announced (\$2m)
	WSA project for Ballarat Goldfields Superpipe announced (\$31m)
	RNWS project for evaporation and plant use study announced (\$2.76m)
	WSA project to improve the Hawkesbury Nepean River announced (\$132.5m)
	WSA projects for NSW and QLD water management improvement announced (\$12m)
	RNWS project to boost NSW environmental water management announced (\$3m)
September	RNWS project to assist water dependent ecosystems in QLD and NSW announced (\$3m)
	RNWS project to support development of water markets announced (\$1.25m)
	Prime Minister released the NWC's National Competition Policy follow-up assessments
	WSA project for water recycling at Tahmoor Colliery announced (\$1.2m)
	WSA project for water harvesting in Warrnambool announced (\$1.1m)
	Groundwater Action Plan announced (\$52m)
	5 RNWS projects for urban water management announced (\$5m)
	6 RNWS projects for water planning and indigenous water resources announced (\$9.3m)
	5 RNWS groundwater projects announced (\$10.5m)
	Joint NWC/LWA report: <i>Managing water for Australia: the social and institutional challenges</i>
	3rd meeting of Stakeholder Reference Group held in Canberra
October	Commission Annual Report released
	2 RNWS projects for urban water planning announced (\$780k)
	1st Biennial Assessment released
November	<i>The economic and social impacts of water trading</i> report released
	Announcement of \$33m Centre for Groundwater Research and Training
December	
January 2008	Waterlines report: <i>Benefits of improved water data sharing</i>
February	Waterlines report and position statement: <i>Approaches to, and challenges, of managing interception</i>
	4th meeting of Stakeholder Reference Group held in Canberra
March	3 Groundwater Action Plan projects announced (\$7.5m)
	Call for funding proposals under the new \$30m Centre for Groundwater Research and Training
	2 projects to improve water industry skills announced (\$1.72m)
	National Water Industry Skills Forum held in Canberra
April	NWC Groundwater position statement
	Waterlines report and position statement: <i>Water allocation planning in Australia - current practices and lessons learned</i>
May	2 National Performance Reports for water utilities released
	3 interception projects announced (\$4m)
June	4 RNWS projects to improve river and wetland health monitoring announced (\$3.9m)
	Questacon project announced (\$2.5m)
	Dookie Farm irrigation project announced (\$8.6m)
	Waterlines report and position statement: <i>Urban water pricing</i>

