Friday, April 24, 2026

Productivity Commission
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**Re: Submission to the National Water Reform 2026 Inquiry**

## Executive Summary

Waterfind welcomes the opportunity to contribute to the Productivity Commission's review of Australia's national water reform framework.

Australia's 2004 National Water Initiative (NWI) was a globally significant reform program. It separated water rights from land, advanced transferable entitlements, promoted environmental sustainability, and sought nationally compatible water markets.

However, more than two decades later, several core ambitions of the NWI remain incomplete.

The original agreement sought:

- secure and nationally compatible water access entitlements;
- progressive removal of barriers to trade and broader, deeper markets;
- robust accounting, metering and public reporting systems;
- transparent public registers; and
- water entitlements capable of being mortgageable in a similar manner to freehold land.

These were not peripheral objectives; they were central to the reform blueprint.

Waterfind's submission is that Australia should now move beyond first-generation reform (separation of water from land and creation of markets) into second-generation reform, focused on productivity, capital efficiency, transparency and national competitiveness.

We propose four key reform priorities:

1. Complete the property rights reform originally envisaged under the NWI.
2. Reduce friction and fragmentation in national market architecture.
3. Accelerate trusted measurement, metering and water information systems.
4. Unlock the next productivity dividend through finance innovation and modern market infrastructure.

## About Waterfind

Waterfind is Australia's largest Australian-owned specialist water market intermediary. Since establishment in 2003, Waterfind has operated across major irrigation regions, assisting irrigators, agribusiness, corporates and governments with:

- temporary and permanent water trade;

- market information and price discovery;
- valuations and advisory;
- policy insights;
- digital market and water data / analytics infrastructure
- water accounting and budgeting software

As a long-term participant operating daily inside the market, Waterfind offers practical observations regarding where reform has succeeded and where impediments remain.

## Introduction & Overview

Australia's water reform achievements should be recognised as the most advanced in the world.

The NWI correctly recognised the need for:

> *"a nationally-compatible, market, regulatory and planning based system"*

Major achievements include:

- separation of water from land title;
- tradable entitlement frameworks;
- environmental water recovery mechanisms;
- growing market sophistication;
- improved allocative efficiency during drought.

These reforms have delivered significant national value and should be preserved.

Core Elements of the NWI reform remain incomplete, as the 2004 reform agenda was broader than simply allowing trade. It also sought: "greater certainty for investment" and "broadening and deepening of the water market"

Two decades later, several structural objectives remain partially delivered, these are outlined within the four propositions below:

## Proposition 1: Complete the Property Rights Reform

The NWI expressly stated water access entitlements should be:

> *"mortgageable (and in this respect have similar status as freehold land when used as collateral for accessing finance)"*

This was a profound and forward-looking reform statement. Yet in practice, competitive finance markets secured primarily by water rights remain limited and underdeveloped.

Many agricultural businesses hold substantial water asset value but still rely predominantly on land-backed lending structures.

### Why This Matters

This constrains:

- business resilience;
- working capital flexibility;
- succession planning;
- investment in productive infrastructure;
- drought response capability.

### Recommendation

Governments should work with regulators, banks and industry to review barriers preventing efficient lending against water entitlements, including:

- security registration systems;
- valuation standards;
- prudential treatment;
- enforcement certainty;
- consistency across jurisdictions.

Unlocking capital tied in water assets may be one of the largest untapped productivity gains in irrigated agriculture.

## Proposition 2: Complete National Market Architecture

The NWI sought:

- compatible entitlement systems;
- publicly accessible registers;
- minimised transaction costs;
- reduced barriers to trade.

Despite substantial progress, participants still navigate:

- inconsistent administrative processes across jurisdictions;
- varying approval pathways and timelines;
- differing registry functionality;
- duplicated compliance steps;
- fragmented data systems;
- avoidable delays in some transfer pathways.

### Why This Matters

Even modest friction imposes real costs across thousands of annual transactions.

Higher transaction costs can mean:

- slower movement of water to higher value use;

- reduced drought responsiveness;
- weaker market confidence;
- higher operating costs for irrigators and agribusiness;
- lower participation by smaller market users.

### Recommendation

A national market architecture reform program should examine:

- digital transfer standards;
- approval service benchmarks;
- common data definitions;
- interoperability between registries;
- nationally consistent transaction reporting;
- more efficient settlement pathways.

### Strategic Future Option: Centralised National Exchange Layer

Australia's water markets have matured significantly since the commencement of the NWI.

The Commission may wish to examine whether fragmented market architecture remains optimal for the next phase of reform, or whether a more centralised national exchange or market utility layer could improve efficiency.

Potential benefits may include:

- stronger national price discovery;
- lower transaction costs;
- faster settlement and transfer processing;
- improved transparency;
- cleaner and more timely national datasets;
- simplified interstate participation;
- stronger lender confidence in water as a financeable asset;
- easier regulatory and public reporting.

Such a model need not replace existing brokers, advisers, exchanges or state registries immediately. It may instead emerge progressively as a national infrastructure overlay supporting existing market participants.

The next gains are less about creating markets and more about making existing markets faster, cheaper, deeper and more trusted.

## Proposition 3: Trusted Metering, Accounting and Transparency

The NWI required adequate systems to support:

> *"public and investor confidence in the amount of water being traded, extracted… and recovered"*

It also contemplated consolidated water accounts and integrated groundwater / surface water accounting. These objectives remain highly relevant.

### Current Opportunity

Modern technology now allows:

- automated metering;
- telemetry;
- real-time reporting;
- anomaly detection;
- integrated compliance systems;
- better budgeting and forecasting tools directly accessible by water users.

### Recommendation

Governments should accelerate nationally consistent smart metering and reporting systems, particularly where markets are active and extraction risks are material. Furthermore, the next opportunity in irrigation efficiency will be derived more from water right budgeting and management rather than delivery system improvements.

Better information improves:

- compliance confidence;
- environmental integrity;
- planning quality;
- investor certainty;
- market trust.
- Improved water sharing and market interaction

## Proposition 4: The Next Reform Dividend Is Capital Productivity

The first era of reform focused on allocation efficiency. The next era should focus on **capital efficiency**.

That means asking:

- How can water assets support lower-cost finance?
- How can market infrastructure lower transaction cost?
- How can better information improve production and water management decisions?
- How can innovation attract private investment into regional Australia?

This is especially important as agriculture faces:

- climate variability;
- rising energy costs;
- global competition;
- succession pressures;
- need for on-farm modernisation.

### Recommendation

The Commonwealth should consider a Water Market Productivity Agenda incorporating:

- finance innovation pilots;
- market digitisation;
- registry modernisation;
- data integration;
- regional business water management and budgeting resilience tools.

## Additional Observations

The following are additional observations that may be of value for further considerations;

### Preserve Confidence in Property Rights

Frequent retrospective policy intervention creates sovereign risk perceptions. Stable rights frameworks remain essential to long-term investment confidence.

### Policy Should Prioritise Lowest-Cost Outcomes

Where governments seek water recovery or adjustment outcomes, competitive and market-based methods remain preferable where practical.

### Recognise Role of Intermediaries

Professional intermediaries play a legitimate role in:

- price discovery;
- liquidity;
- matching buyers and sellers;
- reducing search cost;
- educating participants.

Well-regulated intermediaries strengthen markets.

## Summary Recommendations

### Priority 1 – Water Finance Reform

Commission a national review into barriers to efficient lending secured by water entitlements.

### Priority 2 – National Transaction Efficiency Reform

Reduce administrative friction through digital and harmonised processes.

### Priority 3 – National Metering and Data Reform

Accelerate modern trusted measurement systems and public reporting architecture.

### Priority 4 – Productivity Agenda

Shift reform focus from structural creation of markets to optimisation of markets.

## Conclusion

Australia's 2004 National Water Initiative was visionary. But some of its most important economic ambitions remain unfinished.

The next reform chapter should not dismantle markets it should complete them.

Waterfind respectfully submits that Australia now has an opportunity to move from first-generation water reform to second-generation productivity reform: lower friction, stronger rights, deeper capital markets, better data, and greater resilience for regional communities.

Waterfind would welcome the opportunity to assist the Commission further as it considers the next chapter of Australian water reform.

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