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MINISTER FOR THE ENVIRONMENT AND WATER

Ministerial Statement of Expectations to the Inspector-General of Water Compliance

Environment and Water Portfolio

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Ministerial Statement of Expectations

This Statement of Expectations outlines my expectations, as the Minister for the Environment and Water, for how the Inspector-General of Water Compliance will achieve their regulatory objectives and perform their regulatory functions.

Overview

This Statement of Expectations forms part of the Government's commitment to good corporate governance and its [Regulatory Reform Agenda](#) that aims to boost Australia's productivity and lower the cost of living by ensuring a fit-for-purpose regulatory environment. The Australian Government's commitment to effective governance and performance of regulatory functions is guided by:

- the *Public Governance, Performance and Accountability Act 2013* (PGPA Act)
- the *Regulator Performance Resource Management Guide* (RMG 128) and its 3 best practice principles of continuous improvement and building trust, risk-based and data driven, and collaboration and engagement.

This Statement covers the Government's policy objectives, strategic priorities and the opportunities to provide an enabling environment for the Inspector-General of Water Compliance to adopt best practice regulation.

The Inspector-General is an independent statutory office holder and a Commonwealth integrity agency identified under the *National Anti-Corruption Commission Act 2022* with monitoring, oversight and enforcement functions and powers under the *Water Act 2007* (Water Act), the *Basin Plan 2012* (Basin Plan), and with respect to water resource plans and Basin agreements.

While the Government recognises and respects the independence of the Inspector-General, this Statement sets out my expectations for the application of the Government's [Regulatory Reform Agenda](#) to the regulatory functions performed by the Inspector-General.

1. Administration of existing regulatory functions

While recognising the independence of portfolio regulators, I expect the Inspector-General to apply the RMG 128. This includes embedding the best practice principles set out in RMG 128 into administration of their regulatory functions and corporate documents and incorporating regulatory performance reporting into their annual reporting.

Continuous improvement and building trust:

- Monitoring, reporting and acting, where appropriate, on integrity risks
- Embedding a values-based organisational culture to build trust and manage conflicts of interest
- Adopting a whole-of-system regulatory stewardship approach from a Basin-wide perspective

Risk based and data driven:

- Work with other integrity agencies to minimise integrity risks and harms and develop timely, efficient and proportionate interventions
- Work with relevant government agencies to identify and address data gaps
- Build an evidence-base to support Basin water management decision-making in the national interest and inform statutory reviews conducted under the Water Act

Collaboration and engagement:

- Working to establish clear, collaborative and collegiate arrangements with the Australian Competition and Consumer Commission (ACCC) and Bureau of Meteorology (the Bureau) on implementing water trade reforms
- Working to establish clear, collaborative and appropriate relationships with Basin States to improve consistency in water management outcomes across the Basin
- Establishing processes for public engagement and improving public transparency on relevant government agencies' performance and outcomes from water management in the Basin.

With respect to collaboration and engagement, I also expect the Inspector-General to adopt diligent, prudent and transparent processes to listen, hear, understand and act on, where appropriate, issues and concerns of Basin communities. In performing their regulatory roles and responsibilities, I expect the Inspector-General to improve public visibility around the management of Basin water resources by relevant Australian and Basin State government agencies, to build and maintain transparency, accountability and public trust.

Regulator performance best practice

I expect the Inspector-General to recognise the three principles of regulator best practice set out in RMG 128 in their annual planning and procedures.

Annual reporting on regulator performance against these principles provide transparency and accountability. I expect the Inspector-General to refer to *Developing performance measures* (RMG 131) in developing relevant performance measures for their regulatory functions.

Supporting decision-making

Responsibility for water policy and reform in the Australian Government is the responsibility of the relevant portfolio agency, the Department of Climate Change, Energy, the Environment and Water (DCCEEW). While respecting the independence of the Inspector-General as an oversight body and portfolio regulator, I expect the Inspector-General will maintain close relationships with DCCEEW to support and inform continual improvements to the regulatory frameworks. This includes:

- working with DCCEEW to establish arrangements to ensure conflicts of interest between the Inspector-General and DCCEEW are managed in line with the *Government Response to the Review of the Inspector-General of Water Compliance*

- implementing other commitments set out in the *Government Response to the Review of the Inspector-General of Water Compliance*
- supporting statutory reviews of the role of the Inspector-General and the Water Act.

The Inspector-General's functions complement functions performed by the Murray-Darling Basin Authority (MDBA) under the Water Act. While respecting the independence of the Inspector-General as an oversight body, I expect the Inspector-General will maintain close relationships with the MDBA to:

- collaborate in providing whole-of-system regulatory stewardship, particularly on each agency's relevant experience in performing their functions
- avoid imposing unnecessary administrative burdens on affected parties
- share relevant information, in line with the Government's stewardship approach.

This includes, but is not limited to, informing the MDBA's Basin Plan monitoring and evaluation activities and legislated Basin Plan review.

The Inspector-General should also independently consider the outcomes or recommendations of relevant Government-established panels, reviews or inquiries. This includes, but may not be limited to the Australian Government's response to:

- the Productivity Commission's 2023 Basin Plan implementation inquiry
- the Productivity Commission's 2024 inquiry into the National Water Initiative.

2. Whole-of-system stewardship across all regulatory functions and reforms

The Australian Government is committed to a whole-of-system regulatory stewardship approach through the delivery of regulatory systems that are fit-for-purpose, transparent and responsive to regulatory environments and shifting expectations from government and community. In supporting this stewardship approach, I expect the Inspector-General to apply the principles and practices outlined in Australian Government's *Regulatory Policy, Practice and Performance Framework*.

I expect the Inspector-General will support this stewardship approach across the regulatory lifecycle with a focus on adopting principles of continuous improvement and taking an outcomes-focused approach through the delivery of their regulatory functions. I also expect the Inspector-General to adopt a Basin-wide approach to risk and perform their regulatory functions in a way that informs the continual improvement of the management of water resources across the Basin.

Expectations as a Commonwealth integrity agency

The Government is committed to pursuing high standards of professionalism in the Australian Public Service. The Australian Government's [Regulatory Reform Agenda](#) is complemented by the [APS Reform Agenda](#), which applies to the Australian Public Service as a whole and lists embodying integrity as one of the 4 priorities for an Australian Public Service.

The Government uses a multi-agency approach to promote integrity, transparency and accountability, and to prevent corruption, fraud and misconduct in the Australian Public Service. As an integrity agency, I expect the Inspector-General to embed a values-based organisational culture where integrity drives the performance of their functions, in a way that:

- builds trust through transparency, accountability and genuine engagement

- recognises, manages and, where possible, eliminates conflicts of interest in the independent performance of their functions.

I expect the Inspector-General to support the Government's integrity up-lift program for the Australian Public Service. In performing this role, I expect the Inspector-General to monitor and report on matters that could indicate integrity risks and to take actions to maintain and ensure integrity in the Australian Public Service, where relevant. I further expect the Inspector-General to perform their functions in a way that maximises the integrity, transparency and accountability in the management of Basin water resources, and in a way that best delivers the intent of the Water Act.

I expect that the Inspector-General will collaborate with other integrity agencies to support the effective and efficient performance of Commonwealth integrity agencies' to:

- ensure lawful conduct
- minimise risks and harms
- identify data gaps
- develop timely, efficient and proportionate interventions, while maintaining essential safeguards and the integrity of the public service.

3. Supporting regulatory reforms

I expect the Inspector-General to support regulatory reforms, in line with the Australian Government's *Regulatory Policy, Practice and Performance Framework*. In performing this role, I expect the Inspector-General to contribute to the ongoing maintenance and review of the Australian Government's water regulatory systems to ensure regulation meets current and future challenges.

I expect the Inspector-General to provide input on the operation of the regulatory system and advice on possible options for reforms through upcoming statutory reviews required under the Water Act including:

- the review into the role of the Inspector-General to be conducted in the 2025-26 financial year
- the Basin Plan review to be conducted by the MDBA in 2026
- the Water Act review to be conducted by end 2027.

Through these processes, I expect the Inspector-General to provide advice on improvements to regulatory systems to ensure these systems are fit-for-purpose, risk based, effective and efficient and that they serve the Australian community.

Relationship with Minister

The Inspector-General plays an essential role in ensuring the integrity of water management in the Basin under the Water Act and Basin Plan. As an independent oversight body and regulator, the Inspector-General is well-placed to advise governments on matters and risks arising that may affect the delivery of the objectives of the Water Act and implementation of the Basin Plan.

The Inspector-General should provide me, as the Minister for the Environment and Water, and the Water and Murray-Darling Basin Ministerial Council, which I chair, with accurate and timely advice on significant issues within the Inspector-General's jurisdiction.

I will support the Inspector-General by providing an enabling environment for them to adopt a best practice regulation approach in line with this Statement. In providing this support I will recognise the unique role and contribution of the Inspector-General in supporting

stewardship, in performing their functions, and providing regulatory stewardship as a best practice regulator.

Transparency

I request that the Inspector-General respond to this Statement of Expectations through a Statement of Intent that sets out how they will deliver on my expectations for the Inspector-General of Water Compliance. I further request that:

- the matters covered in this Statement of Expectations are considered in the development of annual work plans in accordance with sections 215E and, to the extent relevant, 215G of the Water Act
- reporting on matters set out in Statement of Intent be incorporated into your annual reporting provided in accordance with section 215Y of the Water Act
- the Inspector-General report on financial matters in the DCCEE annual report in accordance with the requirements of the PGPA Act.

I ask that this Statement and the Inspector-General's response be made available on the Inspector-General of Water Compliance's website.