

Senate Standing Committee on Environment and Communications
Legislation Committee
Answers to questions on notice
Environment portfolio

Question No: 25

Hearing: Supplementary Budget Estimates

Outcome: Outcome 4

Programme: Water Efficiency Division

Topic: PIIPSA Programme

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Question Date: 18 November 2013

Question Type: Spoken

Senator Xenophon asked:

Senator XENOPHON: And the date when you found out that the South Australian government was taking a different direction in relation to the PIIPSA program?

Ms Harwood: I do not know that there is a precise date. It has been an evolving landscape in the sense of—

Senator XENOPHON: It is Darwinian! It is evolutionary. There must be some dates. I would ask the department to provide me with at least the dates that this new change of policy evolved.

Answer:

Under the 2008 Intergovernmental Agreement on Murray-Darling Basin Reform (the IGA), \$530 million was committed to South Australia for infrastructure related projects to improve river management. A series of projects were proposed to utilise this funding, including an irrigation industry renewal/modernisation initiative – manifested as the Private Irrigation Infrastructure Program for South Australia (PIIPSA), for which \$110 million was allocated.

The Commonwealth ran, with South Australia's agreement, two rounds of PIIPSA, commencing in December 2009 with a commitment to consult with South Australia prior to commencing further rounds. Due to the relatively low uptake in the first two rounds, there were mixed views as to whether a third round should be run. South Australian officials indicated informally in 2011 that the South Australian Government did not support further PIIPSA rounds being conducted.

Subsequently, the then Minister for Sustainability, Environment, Water, Population and Communities, the Hon Tony Burke MP, determined that a third round of PIIPSA would not be conducted. At this time, Minister Burke reiterated his commitment to South Australia that the full \$530 million remained available to South Australia for its State Priority Projects and welcomed proposals from South Australia that would achieve greater irrigation water use efficiency.

In February 2012, the Water Industry Alliance submitted a discussion paper on the proposed 'River Murray Improvement Program' that outlined options to increase irrigation efficiency in South Australia. On 27 June 2012, the then Minister for Sustainability, Environment, Water, Population and Communities, the Hon Tony Burke MP, announced funding for the South Australian Government to undertake a feasibility study and to develop a business case for the proposed program. As it appeared likely that it would be some time before a business case could be developed and a decision made on a possible new program, the Department wrote to the relevant South Australian agency on 31 July 2012, seeking to ascertain whether South Australia would be supportive of another round of PIIPSA being conducted in the interim. A written response was not provided by South Australia to this letter.

In principle agreement to funding of \$265 million was announced on 28 October 2012 for the River Murray Improvement Program. Through the business case development process and subsequent negotiations, this evolved into the South Australian River Murray Sustainability Program (SARMSP) and funding was formally committed to South Australia through a National Partnership Agreement for SARMSP on 8 August 2013.

The \$265 million investment in the SARMSP is separate from and additional to the \$530 million in funding allocated for South Australian State Priority Projects such as PIIPSA. The Commonwealth will work closely with South Australia to ensure value for money projects are pursued with any remaining State Priority Project funds.