



Policy costing

Save the Murray-Darling Basin, and Royal Commission into the management of the Murray-Darling Basin Plan

Party:

Australian Greens

Summary of proposal:

This proposal has three components.

- Component 1 would conduct an independent audit into taxpayer funding for water recovery projects under the Murray-Darling Basin Plan.
- Component 2 would provide \$60 million for a Royal Commission into the administration of the Murray-Darling Basin Plan, which would run for two years from 2019-20.
- Component 3 would work with state governments to fully implement all recommendations of the South Australian Murray-Darling Basin Royal Commission.

The proposal would commence on 1 July 2019.

Costing overview

This proposal would be expected to decrease both the fiscal and underlying cash balances by \$60.5 million over the 2019-20 Budget forward estimates period. This impact reflects an increase in administered expenses of \$57 million and an increase in departmental expenses of \$3.5 million.

A breakdown of the financial implications of this proposal over the 2019-20 Budget forward estimates period is included at [Attachment A](#). Components 1 and 2 of this proposal would not be expected to have an impact beyond the 2019-20 Budget forward estimates period.

The estimates in this costing include the financial impact of Components 1 and 2 only, which are either completely or relatively certain. In the time available to complete the post-election report, the Parliamentary Budget Office (PBO) has been unable to cost the financial implications of Component 3. Implementation of the South Australian Murray-Darling Basin Royal Commission recommendations, which include greater water recovery amounts and purchases by the Commonwealth Environmental Water Holder, would likely have a material ongoing cost to the Commonwealth Government.

Table 1: Financial implications (\$m)^(a)

	2019–20	2020–21	2021–22	2022–23	Total to 2022–23
Fiscal balance	-30.5	-30.0	-	-	-60.5
Underlying cash balance	-30.5	-30.0	-	-	-60.5

(a) A positive number represents an increase in the relevant budget balance; a negative number represents a decrease.

- Indicates nil.

Key assumptions

The PBO has made the following assumptions in costing the proposal.

- The independent audit into taxpayer funding of water recovery projects would result in departmental expenses of \$500,000 in 2019-20.
 - This is in line with the average cost for independent audits recently conducted by the Australian National Audit Office.
- The departmental expenses for the Commonwealth Royal Commission into the administration of the Murray-Darling Basin Plan would be 5 per cent of the total funding, consistent with the funding profile of similar Commonwealth Royal Commissions.

Methodology

The financial implications of Component 1 (the independent audit) and Component 2 (Commonwealth Royal Commission) are the audit costs estimated as described above and the specified capped amount, respectively.

Figures have been rounded to the nearest \$100,000.

Data sources

Australian National Audit Office, 2018. *Annual report 2017–18* [Online] Available at: https://www.anao.gov.au/sites/default/files/ANAO_Annual-Report_2017-2018.pdf [Accessed 04.04.2019].

Murray-Darling Basin Royal Commission, 2019. *Murray-Darling Basin Royal Commission Report* [Online] Available at: <https://www.mdbrc.sa.gov.au/sites/default/files/murray-darling-basin-royal-commission-report.pdf?v=1548898371> [Accessed 24.05.2019].

Attachment A – Save the Murray-Darling Basin, and Royal Commission into the management of the Murray-Darling Basin Plan – financial implications

Table A1: Save the Murray-Darling Basin, and Royal Commission into the management of the Murray-Darling Basin Plan – Fiscal and underlying cash balances (\$m)^{(a)(b)}

	2019–20	2020–21	2021–22	2022–23	Total to 2022–23
Payments					
<i>Administered</i>					
<i>Component 1 – Independent audit into projects to date</i>	-	-	-	-	-
<i>Component 2 – Commonwealth Royal Commission into the administration of the Murray-Darling Basin Plan</i>	-28.5	-28.5	-	-	-57.0
<i>Component 3 – Fully implement all recommendations of the South Australian Murray-Darling Basin Royal Commission</i>	*	*	*	*	*
Total – administered	-28.5	-28.5	-	-	-57.0
<i>Departmental</i>					
<i>Component 1 – Independent audit into projects to date</i>	-0.5	-	-	-	-0.5
<i>Component 2 – Commonwealth Royal Commission into the administration of the Murray-Darling Basin Plan</i>	-1.5	-1.5			-3.0
<i>Component 3 – Fully implement all recommendations of the South Australian Murray-Darling Basin Royal Commission</i>	*	*	*	*	*
Total – departmental	-2.0	-1.5	-	-	-3.5
Total – payments	-30.5	-30.0	-	-	-60.5

(a) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.

(b) Figures may not sum to totals due to rounding.

- Indicates nil.

* Could not be quantified by the PBO in the time available.