

Parliamentary Budget Office request - IR21/00010

Funding allocated to supply/constraints measures and efficiency measures

Budget as at 2020-21 Portfolio Budget Statements / Contracted funding as at 30 December 2020

Program component	Administered Program Funding ¹	Administered funding as at 2020-21 Budget (\$m)												Total 2013-14 to 2023-24 (\$m)
		2013-14 Actuals	2014-15 Actuals	2015-16 Actuals	2016-17 Actuals	2017-18 Actuals	2018-19 Actuals	2019-20 Actuals	2020-21 Forecast	2021-22 Forecast	2022-23 Forecast	2023-24 Forecast		
Supply and Constraints Measures ^{1,3}	Expenditure profile	17,250	10,770	10,879	0,000	0,100	3,816	23,748	113,024	540,229	383,860	308,794	1,412,470	
	Contracted ⁵	17,250	10,770	10,879	0,000	0,100	3,816	23,748	61,414	51,041	0,750	0,000	179,768	
	Committed ⁶	0,000	0,000	0,000	0,000	0,000	0,000	0,000	51,610	489,188	383,110	308,794	1,232,702	
Efficiency Measures (expenditure profile) ^{2,3}	Expenditure profile	0,000	0,000	0,006	1,791	6,859	5,509	1,520	201,555	594,486	400,065	363,209	1,575,000	
	Contracted ⁵	0,000	0,000	0,006	1,791	6,859	5,509	1,520	5,319	0,900	0,772	0,876	23,502	
	Committed ⁶	0,000	0,000	0,000	0,000	0,000	0,000	0,000	196,236	593,586	399,343	362,333	1,551,498	
Total Administered funding		17,250	10,770	10,885	1,791	6,959	9,325	25,268	314,579	1,134,715	783,925	672,003	2,987,470	
	Total Departmental funding ⁴		0,041	2,480	5,813	6,245	6,859	7,258	8,131	6,041	4,738	3,681	51,285	

Notes:

1. Supply Measures funding through the Sustainable Rural Water Use and Infrastructure Program (SRWUIP) (up to \$1.2 billion) and Constraints Measures funding through the *Water for the Environment Special Account* (up to \$200m) is committed to implement the agreed package of supply and constraints projects in the southern Basin, as part of the Sustainable Diversion Limit Adjustment Mechanism under the Murray-Darling Basin Plan. For this request, the current notional profile for the combined supply/constraints measures profile is shown above. The final profile is yet to be determined and required adjustments to the funding profiles to match project delivery will be considered at each Budget opportunity. The Stage 1 Project Agreement was executed at the Ministerial Council meeting on 14 December 2018. Stage 1 will provide funding to NSW, Victoria and South Australia to undertake pre-construction activities on supply and constraints projects. The NSW Schedule was signed on 28 February 2019, the Victorian Schedule on 22 March 2019 and the SA Schedule on 1 April 2019. The department is working with Basin states on key implementation matters that need to be agreed and reflected in the schedule for stage 2 implementation under the Federation Funding Agreement - Environment that is expected to be established by the end of 2021.

2. Efficiency Measures funding through the *Water for the Environment Special Account* (up to \$1.575 billion) is committed to implement efficiency measures projects to achieve a further 450 GL of environmental water beyond bridging the gap by 30 June 2024. On 14 December 2018, the Murray-Darling Basin Ministerial Council agreed on additional socio-economic criteria and associated assessment processes for the Murray-Darling Basin Water Infrastructure Program (the program). This will give communities a greater level of assurance that the delivery of efficiency measures will have neutral or positive socio-economic outcomes. The department is implementing programs that meet these requirements and deliver water efficiency projects, including the Commonwealth On-Farm Further Irrigation Efficiency pilot program in South Australia – now closed to new proposals, but with project implementation continuing, and the Water Efficiency Program. Further information on these programs is available on the Department's website. As part of the Murray-Darling Communities Investment Package announced on 4 September 2020, the government announced its intention to shift the focus of water recovery to off-farm projects. The current notional expenditure profile is shown above.

3. Funding through the *Water for the Environment Special Account* was established to fund the easing of constraints to deliver environmental water and increasing the volume of the Basin water resources that is available for environmental use by 450 Gigalitres (GL). The Special Account is provided for through Part 2AA of the Water Act 2007, which sets out the purposes for which funding can be committed. Clause 7.17 of the Basin Plan enables Ministerial Council to require further criteria for projects that improve water use efficiency and increase the volume of environmental water by 450 GL (efficiency measures).

4. Department funding is shown as originally agreed in 2012 and reflected in the 2013-14 Portfolio Budget Statements (Supply Measures \$17,219m and Water for the Environment Special Account \$29,584m) plus funding received as part of the Communities Investment Package published in the 2020-21 Portfolio Budget Statements to strengthen implementation of existing programs (\$4,482m across Supply Measures and Water for the Environment Special Account). Departmental funding is subject to adjustments including indexation and efficiency dividends that are applied to the outcome level not within sub-programs.

5. Contracted: Funding committed in funding agreements.

6. Committed: Funding that is approved and quarantined for agreed Basin Plan activities.

7. Uncommitted - Funding that is not quarantined.

Parliamentary Budget Office request - IR21/00020

Sustainable Rural Water Use and Infrastructure Program funding from 2017-18 to 2023-24

As at February 2021

Program	Program component	Budget ¹	2017-18 (\$m)	2018-19 (\$m)	2019-20 (\$m)	2020-21 (\$m)	2021-22 (\$m)	2022-23 (\$m)	2023-24 (\$m)	Total (\$m)
Sustainable Rural Water Use and Infrastructure Program (SRWUIP)	Infrastructure: ²	Budget	448.235	227.938	89.611	219.223	288.685	184.466	154.351	1612.509
		Contracted ⁵	448.235	227.938	89.611	96.123	40.766	14.331	21.611	938.615
	Supply Measures: ^{2,3}	Contracted ⁶	0.000	0.000	0.000	123.100	247.919	170.135	132.740	673.894
		Uncommitted ⁷	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
	Water Purchase ²	Budget	0.000	3.001	18.920	72.662	476.694	334.371	272.321	1,177.970
		Contracted ⁵	0.000	3.001	18.920	34.162	16.943	0.750	0.000	73.776
	Total Administered funding	Contracted ⁶	0.000	0.000	0.000	38.500	459.751	333.621	272.321	1,104.193
Uncommitted ⁷		0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
Total Departmental funding ⁴	Budget	117.225	159.693	17.621	32.906	30.000	40.000	40.000	437.445	
	Contracted ⁵	117.225	159.693	17.621	0.000	0.000	0.000	0.000	294.539	
Total Departmental funding ⁴	Contracted ⁶	0.000	0.000	0.000	32.906	30.000	40.000	40.000	142.906	
	Uncommitted ⁷	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
Total Administered funding			565.460	390.632	126.153	324.791	795.379	558.837	466.672	3,227.924
Total Departmental funding ⁴			13.033	9.715	10.278	17.456	13.607	8.262	7.459	46.784

Notes:

- The above profile reflects both the underlying cash and fiscal balance of the SRWUIP. Program funding is provided through administered appropriation, administered capital and via the Treasury through Federal Financial Relations arrangements with state and territory governments. Reprofitting of funding is required from time to time to align funding to meet expected and projected delivery of projects and activities, and this is considered at each budget opportunity.
- The Sustainable Rural Water Use and Infrastructure Program (SRWUIP) commenced in 2007-08 as an infrastructure program. It comprises three elements: Infrastructure projects, water purchase and supply measures. The program terminates in 2023-24, with no funding appropriated beyond in 2023-24.
- SRWUIP funds allocated to the agreed package of supply/constraints projects in the southern basin are included within the Infrastructure budget in the Portfolio Budget Statements. However it is shown separately above to provide visibility on the current proposed supply measure profile. Schedules to the Agreement Fund Stage 1 works, including design works, investigation, consultations and assessments, prior to implementation. Stage 2 schedules will fund physical on-ground works.
- Departmental funding provided for delivery of SRWUIP shown above reflects funding from published Budget measures. The Departmental funding is subject to adjustments including indexation and efficiency dividends, which are applied at the outcome level not within sub programs.
- Contracted: Funding committed in funding agreements.
- Committed: Funding that is quarantined for agreed Basin Plan activities, including amounts agreed with states in Water Management Partnership Agreements under the MDB intergovernmental agreement of 2008, the package of measures announced on 7 May 2018, activities agreed at the Ministerial Council meeting on 14 December 2018 and the Murray-Darling Communities Investment Package. This includes supply/constraints package of environmental works and measures in the Southern Basin, toolkit measures under the Northern Basin Review and funding quarantined for the Murray-Darling Basin Water Infrastructure Program (SRWUIP component).
- Uncommitted - Remaining funding under the SRWUIP is required for implementation of the various elements of the Murray-Darling Basin Plan.