



Policy costing

National Water Grid	
Party:	Coalition
Summary of proposal: The proposal would establish a new statutory authority called the National Water Grid to deliver strategic planning and project management for water policy and water infrastructure across Australia. Funding of \$100 million would be redirected from the National Water Infrastructure Development Fund to the National Water Grid. The proposal would have effect from 1 July 2019.	

Costing overview

The proposal would not be expected to affect the fiscal and underlying cash balances over the 2019-20 Budget forward estimates period as the cost of establishing the new authority would be offset by redirected funds from the National Water Infrastructure Development Fund until that Fund ceases on 30 June 2025.

The proposal is expected to have ongoing financial implications beyond the 2019-20 Budget estimates period from 2025-26. The financial implications of the proposal from 2019-20 to 2029-30 are provided at [Attachment A](#).

The financial implications of this costing over the period to 2024-25 are sensitive to the availability of uncommitted funds from the National Water Infrastructure Development Fund. The financial implications from 2025-26 are sensitive to the assumed level of funding for the new authority, and to indexation parameters.

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

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

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

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

- Indicates nil.

Key assumptions

The Parliamentary Budget Office has made the following assumptions in costing this proposal.

- Uncommitted funds from the National Water Infrastructure Development Fund to offset the specified \$100 million provided for the new authority from 2019-20 to 2024-25 would be spread over the period, averaging \$16.7 million per year.
 - This would comprise ongoing annual funding and additional establishment funding which would be provided in the first year of operation.
- Ongoing annual funding would grow at wage cost index 3 net of the efficiency dividend.

Methodology

The financial implications of the proposal are the estimated expenses of the new authority minus the specified offset. Annual expenses were estimated by applying the assumptions outlined above.

For the period 2019-20 to 2024-25, net annual expenses were determined to be zero by confirming that sufficient uncommitted funds exist in the National Water Infrastructure Development Fund to offset the specified expenses of the new authority over that period.

Estimates are rounded to the nearest \$100,000.

Data sources

The Department of Infrastructure, Regional Development and Cities provided information on the National Water Infrastructure Development Fund as at 11 April 2019.

The Department of Finance provided economic parameters as at the 2019 Pre-election Economic and Fiscal Outlook.

Department of Finance and the Treasury, 2019. *Public release of 2019 election commitment costing: COA009 - National Water Grid*. [Online] Available at:

https://www.electioncostings.gov.au/?field_costing_portfolio_tid=All&field_status_tid=All&field_costing_released_by_value=All&page=2 [Accessed on 29.05.2019].

Liberal Party of Australia, 2019. *Our Plan for a Stronger Agriculture, Fisheries and Forestry Sector*.

[Online] Available at: <https://www.liberal.org.au/our-plan-stronger-agriculture-fisheries-and-forestry-sector> [Accessed on 29.05.2019].

Attachment A – National Water Grid – financial implications

Table A1: National Water Grid – Fiscal and underlying cash balances (\$m)^{(a)(b)}

	2019– 20	2020– 21	2021– 22	2022– 23	2023– 24	2024– 25	2025– 26	2026– 27	2027– 28	2028– 29	2029– 30	Total to 2022–23	Total to 2029–30
Expenses													
<i>National Water Grid</i>	-19.9	-15.8	-15.9	-16.0	-16.1	-16.2	-16.4	-16.5	-16.6	-16.7	-16.8	-67.6	-182.9
<i>Offset: National Water Infrastructure Development Fund</i>	19.9	15.8	15.9	16.0	16.1	16.2	-	-	-	-	-	67.6	100.0
Total – expenses	-	-	-	-	-	-	-16.4	-16.5	-16.6	-16.7	-16.8	-	-82.9

(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 in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments in cash terms.

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

- Indicates nil.