



National Irrigators' Council

Food · Fibre · Future

TO: NIC Members

DATE: 13 May 2026

BRIEFING NOTE – BUDGET 2026

OBJECTIVE: To provide a summary of the 2026 Budget outcomes in relation to the water portfolio only.

KEY FINDINGS:

1. Previous budget items for implementing the Basin Plan that were 'not for publication' are note itemised in the 2026 Budget, some key tables refer to other amounts. This presents challenges in understanding the likelihood of the Government achieving the 450GL target noting that the WESA review already noted they did not have enough funds with this money. Approximately \$333M maybe left in WESA.
2. The Government is seeking to achieve cost savings from the agencies and programs including the National Water Grid, leaving no new funding for infrastructure anywhere in Australia. These savings are supporting the \$21M of new funding initiatives including:
 - a. \$6.8M for First National Water Ownership
 - b. \$3.9M for water market transparency for the ACCC
 - c. \$3.9M for extension of the water modelling platform in the MDB
 - d. \$2M for the Goyder institute for research
3. The risk statement continues to acknowledge the unknown liability with the Basin Plan implementation given the Risk Assignment Framework and the commitment of the Commonwealth the Bridge the Gap.

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DETAILED ISSUES:

Issue 1: Funding for Implementation of the Basin Plan



Remaining programs have retained their funding until 2027, this includes the WESA, Resilient Rivers and Sustaining Basin Communities programs for example.

Previous line items for implementation of the Murray Darling Basin Plan that were not for publication (2024 through to 2026) are no longer presented in the papers. There could be a number of reasons for this, one being that budget papers only need to present changes to line items, therefore if they have not adjusted the budget for this line item it does not need to be recorded. This is the likely outcome given many of the Basin Plan tables also have a note saying that a portion of these funds are *not for publication* due to ongoing negotiations. Making the budget once again, as clear as mud for water expenditure.

Given the forward estimates for the WESA for Resilient Rivers, Constraints and the Sustaining Basin Communities and the current remaining budget of around \$831M, there is around \$498 budgeted already, leaving approximately \$333M for water purchases notwithstanding there still maybe an amount *not for publication*. However, in the records, there is about a \$50M difference between the starting account estimate and the forward budgeted expenditure.

For the 450GL program, the budget papers still refer to 200GL being on track for the 2025-2026, a cumulative 300GL for 2026-2027 and the full 450GL by 2027-2028 when the program ends in December 2027. The Government Response to the WESA Review however indicated a 400GL by end of 2026.

Many programs do not extend beyond 2027.

Table 1: Current balance sheet for WESA in Special Accounts Table

	Opening Balance (\$'000)	Receipts (Non-Appropriated) (\$'000)	Budget Estimate – 2026-2027		Adjustments (\$'000)	Closing Balance (\$'000)
			Receipts (Appropriated) (\$'000)	Payments (\$'000)		
Water for the Environment Special Account	831,087	-	356,080	-840,750	-	346,417
	1,239,300	-	477,092	-885,305	-	831,087



Table 2: Forward estimates of spending including WESA

Table 2.4.2: Program components of Outcome 4

	2025-26 Estimated actual \$'000	2026-27 Budget \$'000	2027-28 Forward estimate \$'000	2028-29 Forward estimate \$'000	2029-30 Forward estimate \$'000
Program 4.1: Protect, restore and sustainably manage Australia's water resources					
Annual administered expenses					
Ordinary annual services (Appropriation Bill (No. 1) and Supply Bill (No. 1))					
Commonwealth Contribution under the Murray-Darling Basin Agreement	21,136	18,293	17,042	20,401	25,163
Commonwealth Contribution to National Water Activities	551	4,498	551	-	-
<i>Less special account</i>	(551)	(4,498)	(551)	-	-
Commonwealth Environmental Water Holder	49,102	50,452	50,452	50,452	50,452
<i>Less special account</i>	(49,102)	(50,452)	(50,452)	(50,452)	(50,452)
First Nations Cultural Planning for Cultural Economies	10,000	5,000	5,000	-	-
First Nations Environmental Water Partnerships Pilot Program	505	549	-	-	-
Murray-Darling Basin Environmental Knowledge and Research	2,500	2,500	2,500	2,500	2,500
National Water Reform - First Nations Peoples' Water Ownership and Role in Decision Making	231	6,635	-	-	-
Sustainable Rural Water Use and Infrastructure Program	22,784	32,702	5,530	-	-
Water Efficiency Labelling Scheme Account	-	1,151	562	301	2
<i>Less special account</i>	-	(1,151)	(562)	(301)	(2)
Water for the Environment Special Account	1,500	-	-	-	-
<i>Less special account</i>	(1,500)	-	-	-	-
Water Research Goyder Institute	2,000	2,000	-	-	-
Total ordinary annual services	59,156	67,679	30,072	22,901	27,663
Special accounts					
Environmental Water Holdings Special Account	64,783	69,885	71,434	59,252	62,215
Water Efficiency Labelling Scheme Account	2,835	3,952	3,715	3,902	4,035
Water for the Environment Special Account	196,076	402,863	283,207	96,850	-

Issue 2 : Cost savings generating new limited investments

Savings from water investments is partially funding an extension to the Water Reform agenda as detailed below and is on top of commitments already.

Savings included agency savings \$394.2M in savings over the next five-years, not all of which are related to water. This includes uncommitted grant funding for many programs including the National Water Grid \$103.9M. It's understood that only agreed funded projects remain within the National Water Grid.



This signals that there is no new funding pathway for infrastructure and that the funding available is limited (although the budget papers do not clearly show how much).

Many water programs also are not funded beyond 2027-2028, presenting a cliff face of investment in water. Although that would allow a Minister to re-shape the Water Act (and possibly the NWA) and then set a budget accordingly for 2028 and beyond.

Table 3: Excerpt from Budget Measure – Paper Number 2

Water Reform – continuing funding					
Payments (\$m)	2025-26	2026-27	2027-28	2028-29	2029-30
Department of Climate Change, Energy, the Environment and Water	-	16.0	0.8	1.2	1.4
Australian Competition and Consumer Commission	-	2.6	-	-	-
Total – Payments	-	18.6	0.8	1.2	1.4
<i>Related receipts (\$m)</i>					
Department of Climate Change, Energy, the Environment and Water	-	1.4	0.8	1.2	1.6

The Government will provide additional funding of \$21.1 million over four years from 2026–27 (and \$1.5 million per year ongoing) to continue water reform activities.

Funding includes:

- \$6.8 million in 2026–27 to continue arrangements for First Nations people to own, access and manage water in Australia
- \$4.5 million over four years from 2026–27 (and \$1.5 million per year ongoing) to update and improve cost recovery arrangements for the Water Efficiency Labelling and Standards scheme. These new arrangements will increase receipts by \$4.1 million over four years from 2026–27 (and \$2.1 million per year ongoing from 2030–31)
- \$3.9 million in 2026–27 to continue supporting the transparency, integrity and understanding of water markets, deliver key reforms and work with affected communities on the Murray-Darling Basin (Basin) Plan
- \$3.9 million in 2026–27 to continue support for the hydrological modelling platform underpinning implementation of the Basin Plan
- \$2.0 million in 2026–27 to continue funding for the Goyder Institute for Water Research.

The cost of this measure will be partially met from savings identified in the Climate Change, Energy, the Environment and Water portfolio.

This measure extends the 2022–23 October Budget measure titled *Murray-Darling Basin – water market reform*, the 2023–24 Budget measures titled *National Water Reform – First Nations peoples’ water ownership* and *Future proofing the Murray-Darling Basin*, and builds on the 2022–23 October Budget measure titled *Water for Australia Plan* and the 2024–25 Budget measures titled *Sustaining Water Functions* and *Climate Change, Energy, the Environment and Water – cost recovery arrangements*.



Issue 3 : Acknowledgement of risks

The Australian Government has again acknowledged their role in Bridging the Gap for the Murray Darling Basin Plan as outlined within the risk statement. It is important to note that since 2026, the Federal Government has held the same risk statement for the Murray Darling Basin Plan:

Murray Darling Basin Reform – risk assignment

The Government has committed to bridge the gap between the Baseline Diversion Limit and the Sustainable Diversion Limits in the Murray-Darling Basin Plan 2012 through water recovery. On 1 July 2019, the Sustainable Diversion Limits took effect. The *Water Act 2007* provides a risk assignment framework in which entitlement holders with reductions in water allocations, or changes in the reliability of water allocations (where the gap has not been bridged and an accredited water resource plan is in place), may be eligible for a payment from the Commonwealth.

The total cost of the operation of the risk assignment framework cannot be quantified at this time and remains a fiscal risk until the gap between the Baseline Diversion Limit and Sustainable Diversion Limits is fully bridged.

RESOURCES & MEDIA:

[Budget 2026-2027](#)

[Treasurer speech to Parliament](#)

AFR - [Chalmers budget whacks boomers to woo younger voters](#)

The Guardian - [Budget 2026 Australia: Jim Chalmers goes for broke in federal budget facing twin threats of housing pain and Iran war disaster](#)

ABC – [Federal Budget winners and losers](#)

