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Infrastructure funds plundered while delays continue

Funding available for water saving infrastructure upgrades in the Murray Darling Basin is dramatically less than the headlines suggest, a review by the National Irrigators' Council reveals.

The \$5.8 billion Sustainable Rural Water Use and Infrastructure Program (SRWUIP) has been plundered for a host of projects leaving just \$3.4 billion now allocated to irrigation upgrades.

"The Commonwealth is pilfering the infrastructure bucket such that less than 60 per cent of the \$5.8 billion allocated to the program is now committed to actual irrigation water saving projects in the Murray Darling Basin," said NIC CEO Danny O'Brien.

"While delays with infrastructure spending drag on, the Department and the Minister have been picking off chunks of the infrastructure fund like vultures around a carcass.

"Far from being a 'big subsidy for irrigation interests' as some commentators have charged, a huge chunk of this funding has now been siphoned off to projects that don't save any water and that's something that even environmental groups should be concerned about."

Mr O'Brien said items being funded out of SRWUIP include:

- \$195.8 million to pay costs of the Commonwealth Environmental Water Holder (CEWH)
- \$59 million for the MDBA to write the Basin Plan
- \$60 million for "compliance and enforcement"
- \$10 million for the Commonwealth's share of costs for remedial work at Hume Dam

"On top of this throw in \$190 million for departmental costs and the ability of this program to invest in water savings that will help communities adjust to the Basin Plan has been seriously eroded.

"One of the worst examples of bureaucratic raiding is the \$195.8 million for the Commonwealth Environmental Water Holder's costs. These costs are ongoing and should not be funded from infrastructure program spending.

"If the Commonwealth is serious about infrastructure and striking a balance, these costs could have been funded from the buyback bucket."

Mr O'Brien said irrigators are angry at the siphoning away of such funding, particularly while delays continue to the delivery of the bulk of the funds allocated.

"It now over three years since the Commonwealth agreed to fund \$3.7 billion worth of State Priority Projects (SPPs) and the vast bulk remains unspent. We know Federal and State Water Ministers agreed to a new funding deal in April – but that was meant to have been finalised by bureaucrats by the end of June. So why the delay?"

“Water-use efficiency investments allow irrigators to maintain or improve production with less water and that’s good news for employees in downstream industries, local businesses and basin communities, while the environment gets its share as well. That’s a win-win outcome.”

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Sustainable Rural Water Use and Infrastructure Program Funding

This assessment is about addressing the misconception that “irrigators are getting a \$5.8 billion subsidy to improve their infrastructure”. As such, some of the projects below may be of benefit to irrigators, but are excluded because they do not involve savings or are not irrigation related.

This analysis also serves to highlight how much of the program has been siphoned away to expenditure that, in our view, should be funded elsewhere – such as the CEWH’s costs.

This table was provided to NIC by the Department (SEWPac).

The projects highlighted below indicate those that we consider:

- Are not irrigation related
- Are not in the MDB
- Do not involve water savings
- Or all of the above

Infrastructure projects, including analysis, assessment and planning (Administered Funding)	Maximum government commitment (\$m)
State Priority Projects	3,236.0
Menindee Lakes project	370.0
Orange City Pipeline	20.0
Warren Nyngan Pipeline project	12.0
Lithgow-Clarence Colliery Water Transfer project	4.0
Supporting more efficient irrigation in Tasmania	140.0
Wimmera-Mallee pipeline project	99.0
Harvey Pipeline Project	49.0
Gascoyne Pipeline project	6.6
WA Sustainable Yields Study	5.2
On Farm Irrigation Efficiency Project including pilot projects	305.6
Strengthening Basin Communities Program	200.0
Hotspots Assessment Program	24.3
Irrigation Modernisation Planning Assistance Program	7.2
Small Block Irrigators Exit Grants	102.5
Hume Dam Remedial Works	10.0
Meter Test Facilities	6.9
Great Artesian Basin Shared Water Resource Assessment	3.1
Due Diligence and Conveyancing	35.0
Total	4,636.4
	Maximum

Improved water use and knowledge, market reform and water skills development (Administered Funding)	government commitment (\$m)
Compliance and Enforcement	60.0
National Water Market System	56.0
Basin Plan Activities (MDBA)	59.0
Snowy – Repayment of Mowamba Borrow	13.7
National Water Commission – Assessment of Reforms	1.0
Commonwealth Environmental Water Holder – Management of Water Holdings	195.8
E-Water Hydrological Modelling	6.7
Water for Rivers	6.3
Water for the Future Communication	8.5
Total	407.0
Total allocated funding	5,043.4
Departmental expenses*	190.0
Unallocated	567.0
Total	5,800.4

*As advised by SEWPaC, pers comm

State Priority Projects breakdown

The following are projects out of the SPPs that are also not related to irrigation infrastructure or do not deliver water savings. Figures listed are sourced from the 2008 IGA and/or this link on the department's website: <http://www.environment.gov.au/water/policy-programs/srwui/state-priority-projects/index.html>. Note that while the SPP deal was for \$3.7 billion in total, about \$500 million of this was notionally for buyback funds in some states, not infrastructure.

Project	Funding (\$m)
SA Lower Lakes Pipelines	120
SA Riverine Recovery	100
SA Lower Lakes Recovery	200
ACT Salt Management Strategy	85
Qld Coal Seam Gas Feasibility Study	5
Total	510

So in summary:

Total SWRUIP package	5,800
Less projects highlighted above	-1,100
Less SPP's highlighted above	-510
Less departmental expenses	-190
Less unallocated funds	-567
Equals	3,433

So of the \$5.8 billion for SWRUIP, approximately only \$3.4 billion is available for actual irrigation-related, water savings projects in the MDB.