



National Irrigators' Council

2017-18 Commonwealth Budget Summary

It would be fair to say that, for irrigators, the budget continues to deliver expected programs and previously committed funding for Commonwealth State infrastructure, particularly as it relates to the Murray Darling Basin and National Water agendas. Some of the key decisions on resourcing for the agencies involved in water were announced in the Mid Year Economic and Fiscal Outlook and this budget affirms those allocations. The Deputy Prime Minister's office has indicated that he will be making a more detailed announcement on the Great Artesian basin shortly.

In the energy space the programs announced in the budget confirm announcements made recently on securing gas supplies, and on greater scrutiny by regulators. The one area where more information is now available is on the Snowy Hydro 2.0 proposal with the Commonwealth pushing the pace on this by proposing to buy out the State shares in Snowy Hydro as part of pushing the pumped storage project. We have been given assurances, again, that this will not impact water availability or meeting the Snowy licence.

This document is largely extracts from relevant parts of the budget papers. See also NIC's budget media release.

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Water related budget items

The Deputy Prime Minister has highlighted a number of announcements for agriculture and water, many of those have been previously flagged, however it is always important to see the commitments confirmed in a budget. Importantly the Mid-Year Economic statement saw a commitment to forward funding for Commonwealth water functions, this is reflected in the budget papers providing certainty of funding to the CEWH and MDBA.

Key areas highlighted by the Deputy PM in the [Regional budget statement](#) are:

Regional Investment Corporation

The Government is to establish a Regional Investment Corporation with an independent board which will administer the \$2 billion National Water Infrastructure Loan facility along with the \$2 billion farm business concessional loans. The RIC was an election commitment and the water component will provide loans at a low rate of interest to State Governments for water infrastructure.

Regional Investment Corporation — establishment

Expense (\$m)	2016-17	2017-18	2018-19	2019-20	2020-21
Department of Agriculture and Water Resources	-	8.2	32.5	31.1	31.6
<i>Related revenue (\$m)</i>					
Department of Agriculture and Water Resources	-	-	3.2	8.8	13.1
<i>Related capital (\$m)</i>					
Department of Agriculture and Water Resources	-	3.1	-	-	-

The Government will provide \$28.5 million over four years from 2017-18 to establish the Regional Investment Corporation (RIC) which will administer the Government's Farm Business Concessional Loans Scheme and the National Water Infrastructure Loan Facility.

The RIC will be established as a Corporate Commonwealth Entity with a Chief Executive Officer and an independent Board consisting of three part-time members. The RIC will be guided by an investment mandate issued by the Minister for Agriculture and Water Resources and the Minister for Finance which will set out the Government's expectations for the RIC, including the framework for the operation of the RIC Board.

This measure delivers on the Government's election commitment it will be operating from July 1 2018, in the meantime the Federal Government is administering the loans.

National Water Investment Infrastructure Development Fund

As described in the regional infrastructure statement - The National Water Infrastructure Development Fund is providing \$499.5 million over ten years from 2015-16 to support State and Territory governments develop secure and affordable water infrastructure that will drive regional economic growth, including the construction of dams, pipelines, wastewater reuse and managed aquifer recharge. Up to \$200.0 million is targeted at northern Australia.

The \$59.5 million feasibility component of the fund has been fully committed with 39 feasibility studies funded to inform water resource planning and infrastructure investment decisions by States. Of this, \$40.4 million is for studies in northern Australia.

Through the \$440.0 million capital component of the fund, \$247.5 million was committed during the 2016 election to co-fund with the States and their private partners the construction of five water infrastructure projects (conditional on all planning and approvals being in place):

- \$130.0 million for Rookwood Weir (Queensland);
- \$75.0 million for Dungowan Dam (New South Wales);
- \$20.0 million for the modernisation of the Macalister Irrigation District (Victoria);
- \$20.0 million for the South West Loddon pipeline (Victoria); and
- \$2.5 million for McLaren Vale water storage (South Australia).

On 27 October 2016 the expression of interest process opened to the States for the remaining \$192.5 million to co-fund water infrastructure projects, which will be completed in July 2017.

Commonwealth Water Functions

The Deputy Prime Minister gained a welcome commitment in the Mid-Year financial statement to secure funding for its water functions. This is confirmed in the budget. Below is the description with more detail further on.

The Australian Government will provide \$398.0 million over three years to 2019–20 for statutory functions and institutions established by the Water Act 2007 to implement the Murray-Darling Basin Plan and deliver on the Australian Government’s broader water reform agenda. The continuation of funding for Commonwealth water functions is critical for the long-term viability of farmers and regional and rural communities in the Murray-Darling Basin and across Australia.

Ongoing funding has been provided for the Australian Government’s contribution to Murray-Darling Basin joint programs and the work of the Murray-Darling Basin Authority, which contributes to the sustainability of Murray-Darling Basin communities by investing in major water infrastructure and maintaining existing River Murray assets.

Funding for water policy functions within the Department of Agriculture and Water Resources has been extended for seven years, both for the Murray-Darling Basin and in other areas where the Australian Government has an important role in water policy. Continuation of these activities is essential for effective national management of water issues which underpin key economic activities, including water and food security and export capability and the ongoing health of ecological systems that protect biodiversity, river health and recreational industries.

Northern Australia Rice Industry - \$4 million over the four years since 2016-17 aimed at developing the rice industry in Northern Australia.

Encouraging Investment by the Clean Energy Finance Corporation in Agriculture

National Carp Control Plan – confirming the continuation of the \$15 m over three years from 2016-17 for the National Carp Control Plan. It is also good to see the program appear in the strategic goals for the CEWH

Sustainable Rural Water Use and Infrastructure Program

The Sustainable Rural Water Use and Infrastructure Program is a national program investing in rural water use, management and efficiency. It is the key mechanism to ‘bridge the gap’ to the sustainable diversion limits under the Murray-Darling Basin Plan and consists of three main components: irrigation infrastructure projects, water purchases, and supply measures.

The Australian Government has a preference for recovering water through investment in infrastructure. The majority of the funds under the Sustainable Rural Water Use and Infrastructure Program have been committed to projects in the Murray-Darling Basin for improving the operation of off-farm delivery systems and helping irrigators improve on-farm water use efficiency. The water savings generated from these projects are shared between the Australian Government for environmental use and irrigators for consumptive use, supporting increased productivity and economic activity in regional communities. Australian Government investments outside the Murray-Darling Basin include \$201.8 million over 11 years from 2008–09 to 2018–19 in Tasmania to support the construction of dams and backbone irrigation infrastructure.

All Murray-Darling Basin State governments have agreed to arrangements that allow for up to 650 gigalitres of Sustainable Diversion Limit adjustments to be achieved through supply measure projects which offset the need for water to be acquired through purchase. These supply measure works will continue until 2024.

The Australian Government has legislated to limit purchase of surface water entitlements across the Murray-Darling Basin to 1,500 gigalitres. As at 31 January 2017, water purchases total 1,165.6 gigalitres and any further purchases will be strategic in nature. The limit on purchases helps provide Murray-Darling Basin communities with more certainty that the Australian Government will ensure a balance between agriculture, the environment and the socio-economic wellbeing of communities.

Commonwealth Environmental Water Holder

The Commonwealth Environmental Water holdings are managed so that increased flows of water are provided to protect and restore water dependent ecosystems throughout the Murray-Darling Basin. In the 2016–17 Mid-Year Economic and Fiscal Outlook, the Australian Government provided ongoing funding from 2017–18, including \$136.3 million over three years to 2019–20 to support the management of the Commonwealth's environmental water holdings.

As at 31 January 2017, a total of 6,289 gigalitres of Commonwealth environmental water had been delivered to rivers, wetlands and floodplains of the Basin, contributing to the sustainability and amenity of these unique regional landscapes. Early results of the long term intervention monitoring program indicate that Commonwealth environmental watering has already made contributions to key environmental objectives in the Murray-Darling Basin Plan. The Commonwealth Environmental Water Holder has recruited six local engagement officers working within the Basin, to assist members of the community participate in environmental water planning and decision making.

MDBA

MDBA funding stays largely the same as in 2016-17 with staffing projected to decline slightly.

Table 1.1: Murray-Darling Basin Authority – Resource Statement – Budget Estimates for 2017–18 as at Budget May 2017

	<i>2016–17 estimated actual \$'000</i>	<i>2017–18 estimate \$'000</i>
Opening balance/cash reserves at 1 July	71,924	69,213
Funds from Government		
Amounts received from related entities		
Amounts from portfolio department ^(a)	84,746	77,470
<i>Total amounts received from related entities</i>	<i>84,746</i>	<i>77,470</i>
Total funds from Government	84,746	77,470
Funds from other sources		
Royalties	700	700
Sale of goods and services	2,152	2,468
Other	88,332	94,063
<i>Total funds from other sources</i>	<i>91,184</i>	<i>97,231</i>
Total net resourcing for MDBA	247,854	243,914
	2016–17	2017–18
Average staffing level (number)	294	288

MDBA Strategic goals as listed in budget paper with performance targets:

- Strategic Goal 1 - Lead the implementation of the Basin Plan to achieve a healthy working Basin. Target - Achieve 100 per cent of statutory deadlines in the Basin Plan as required by the Water Act 2007.
- Strategic Goal 2 - Strengthen engagement with the community. Target - 80 per cent positive response in relation to quality and extent of engagement, reported by the annual stakeholder survey.
- Strategic Goal 3 - Evaluate and review the social, economic and environmental outcomes of Basin water reforms. Target - 100 per cent of monitoring and evaluation reviews conducted within statutory regulations.
- Strategic Goal 4 - Operate the River Murray system efficiently for partner governments. Target - Annual report by Independent River Operations Review Group confirms River Murray Operations are being delivered in accordance with requirements of the Asset Controlling Governments.
- Strategic Goal 5 - Improve the knowledge base to support sustainable water resource management. Target - 90 per cent of commissioned research and monitoring activities delivered.

Commonwealth Environmental Water Holder

Budgeted allocations for the CEWH increase significantly, reflecting increased water holdings. It is understood that the budget now adjusts automatically to reflect the holdings. See program 1.3 in the table below.

The objectives listed are to: protect and restore water-dependent ecosystems in the Murray–Darling Basin through the management and use of Commonwealth environmental water and manage Australia’s obligations under the Ramsar Convention; and improve the knowledge of, and inform decision-making on, the impacts to and management of water-dependent ecosystems consistent with international and national obligations.

- Planning for the use, carryover and trade of Commonwealth environmental water (integrated portfolio management plans)
- Managing, delivering, monitoring and reporting on Commonwealth environmental water
- Engaging Murray–Darling Basin communities, Indigenous groups, irrigation industries and others to incorporate local experience and knowledge in the management of Commonwealth environmental water
- Contributing to the development of the National Carp Control Plan
- Undertaking research, conducting assessments, compiling information and providing advice to improve the management of water-dependent ecosystems, including Ramsar wetlands
- Representing Australia and the Oceania region at Ramsar Conference of Contracting Parties meetings, and undertaking the role of Vice Chair of the Ramsar Standing Committee.

Program 1.3: Commonwealth Environmental Water					
Administered expenses					
Ordinary annual services					
(Appropriation Bill No. 1)					
Commonwealth Environmental					
Water Office	141	16,568	33,292	41,216	43,142
Less special account	(141)	(16,568)	(33,292)	(41,216)	(43,142)
MDB Environmental Knowledge					
and Research	1,900	1,900	1,900	1,900	2,500
Water Resources Assessment and					
Research Grant	175	-	-	-	-
Special accounts					
Environmental Water Holdings					
Special Account	32,607	44,561	38,045	43,722	43,142
Administered total	34,682	46,461	39,945	45,622	45,642

Detailed water related extracts from Budget Paper No. 3 Federal Financial Relations

National Partnership on the Great Artesian Basin Sustainability Initiative

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	3.2	-	2.7	-	4.4	-	-	-	10.3
2017-18	-	-	0.4	-	-	-	-	-	0.4
2018-19	-	-	-	-	-	-	-	-	-
2019-20	-	-	-	-	-	-	-	-	-
2020-21	-	-	-	-	-	-	-	-	-

This National Partnership continues the capping of uncontrolled bores and piping open bore drains to reduce water loss and recover groundwater pressure. It also funds the maintenance of critical infrastructure and other activities.

National Partnership on Implementing Water Reform in the Murray-Darling Basin

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	9.4	6.8	2.0	-	1.5	-	0.3	-	20.0
2017-18	9.4	6.8	2.0	-	1.5	-	0.3	-	20.0
2018-19	9.4	6.8	2.0	-	1.5	-	0.3	-	20.0
2019-20	9.4	6.8	2.0	-	1.5	-	0.3	-	20.0
2020-21	-	-	-	-	-	-	-	-	-

The Commonwealth is supporting the cooperative implementation of the *Intergovernmental Agreement on Implementing Water Reform in the Murray-Darling Basin*. The agreement aims to ensure continuing progress in restoring the Basin's rivers to health and securing strong regional communities, as well as sustainable food and fibre production.

National Partnership on the South Australian River Murray Sustainability Program

The four components of this National Partnership support the Murray-Darling Basin water reforms by contributing to a healthy working river system, strong communities and sustainable food and fibre production, while providing certainty for affected communities and water users.

Irrigation Efficiency and Water Purchase Components

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	-	-	-	-	10.5	-	-	-	10.5
2017-18	-	-	-	-	21.5	-	-	-	21.5
2018-19	-	-	-	-	-	-	-	-	-
2019-20	-	-	-	-	-	-	-	-	-
2020-21	-	-	-	-	-	-	-	-	-

The Commonwealth is providing funding for South Australia to deliver a grants program to support more efficient delivery and use of water by irrigation water providers and irrigators. The program also enables South Australian irrigators to sell their water entitlements to the South Australian Government for return to the environment. In total, these two components aim to return 36 gigalitres (the long-term average annual yield) of 'gap bridging' water to the Commonwealth.

The Commonwealth will provide funding to support delivery of feasibility studies that inform investment decisions on water infrastructure.

Capital Component^(a)

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	-	-	-	-	-	-	-	-	-
2017-18	~	~	~	~	~	~	~	~	15.0
2018-19	~	~	~	~	~	~	~	~	45.0
2019-20	~	~	~	~	~	~	~	~	80.0
2020-21	~	~	~	~	~	~	~	~	80.0

(a) State allocations from 2017-18 have not yet been determined.

The Commonwealth will provide funding of up to \$220 million to partially fund the capital construction costs of a small number of high-priority water infrastructure projects.

National Partnership on Water Reform Programs

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
2016-17	-	-	-	-	2.1	-	-	-	2.1
2017-18	-	-	-	-	-	-	-	-	-
2018-19	-	-	-	-	-	-	-	-	-
2019-20	-	-	-	-	-	-	-	-	-
2020-21	-	-	-	-	-	-	-	-	-

The Commonwealth is providing funding for the Water Proofing Eastern Adelaide Project as part of the National Urban Water and Desalination Plan. This project will help secure water supplies by reducing the use of potable water.

Energy

Minister Frydenberg has highlighted initiatives in the energy sector. Many of these confirm or expand previous announcements on electricity and gas.

Snowy Hydro 2.0 gets a further push along with a commitment to push the project and a new commitment for the Commonwealth to buy a bigger stake in Snowy Hydro or even the whole scheme off NSW and Victoria. That purchase would be on the condition that the funds the State Governments get from the sale is reinvested in infrastructure – in other words infrastructure recycling. There is also a commitment that the Snowy would be kept in Government ownership.

The budget documentation on the Snowy scheme includes commitments to meeting the Snowy Water license conditions, and from the Minister's offices, to no negative impact on irrigators.

The budget includes additional funding for regulators in the energy industry to increase scrutiny on providers – this is consistent with the previously announced policies.

Gas

The Government continues to strongly push for more development of onshore gas.

As a part of its push to develop more unconventional gas the Government has announced a \$30.4 million extension of funding for Bioregional Assessments which aim to assess potential impacts on waterways and aquifers from unconventional gas projects. This is obviously critical if this industry is to ever gain a community licence to extract gas in areas it is currently finding it difficult (particularly NSW and Victoria).

There is also \$28.7 million over four years from 2017-18 to 'encourage and accelerate' the responsible development of onshore gas.

The budget includes previously announced support to investigate new gas pipelines.

Bureau of Meteorology

Fairly stable funding with small staff reduction (just over 2%). Ongoing funding for BOM was announced in the MYEFO (Mid-Year Economic Fiscal Outlook).

Table 1.1: Bureau of Meteorology resource statement — Budget estimates for 2017-18 as at Budget May 2017

	2016-17 Estimated actual \$'000	2017-18 Estimate \$'000
Departmental		
Annual appropriations - ordinary annual services (a)		
Prior year appropriations available (b)	101,252	106,519
Departmental appropriation (c)	228,407	229,757
s 74 retained revenue receipts (d)	71,363	79,522
Departmental capital budget (e)	42,125	48,111
Annual appropriations - other services - non-operating (f)		
Prior year appropriations available (b)	6,554	-
Equity injection	28,781	40,217
<i>Total departmental annual appropriations</i>	<i>478,482</i>	<i>504,126</i>
Total departmental resourcing	478,482	504,126
Total resourcing for the Bureau of Meteorology	478,482	504,126
	2016-17	2017-18
Average staffing level (number)	1,602	1,565

Links:

[Video of Deputy Prime Minister, the Hon Barnaby Joyce MP speaking about the budget to the CroLife budget breakfast](#)

[National Farmers Federation Budget Media release and link to budget assessment](#)