

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

1 June – 3 June 2010

Question: BET 117

Topic: Murray-Darling Basin

Hansard Page: E74 (03/06/2010)

Senator XENOPHON asked:

Senator XENOPHON—Thank you. Dr Kennedy, you are familiar with the Productivity Commission research report of March this year, *Market mechanisms for recovering water in the Murray-Darling Basin*? Is that a yes?

Dr Kennedy—Yes, sorry.

Senator XENOPHON—You are aware that the Productivity Commission in its findings was concerned about the value for money that taxpayers were getting in terms of water recovery mechanisms such as infrastructure, saying that there needed to be—I think this is a fair summary—a more rigorous approval process to all irrigation infrastructure projects to prevent inefficient and inequitable investment, with surplus funds reallocated to the buyback and other priorities? That is from their summary of that. Can you advise what advice Treasury has given both to the water minister and to Treasury in terms of a more efficient use of taxpayers' funds in line with the concerns of the Productivity Commission?

Dr Kennedy—I would be happy to take that question on notice. It is a policy responsibility dealt with by the Industry, Environment and Defence Division in the Fiscal Group in Treasury. I am not across the details of the advice that they may or may not have provided on that issue, but I would be very happy to take it on notice for you.

Senator XENOPHON—And, in particular, what advice has been given to the minister? For instance, will there be a more rigorous approval process? Minister Wong, in response to the Productivity Commission report, said that there was already a substantial due diligence process but she would be seeking advice as to whether any further steps were necessary. Did Treasury advise as to whether any further steps were necessary for a more rigorous approval process for infrastructure projects?

Dr Kennedy—As I said, I am very happy to approach my colleagues in Fiscal Group about those issues.

Senator XENOPHON—Thank you, and thank you to the chair and Senator Joyce.

Answer:

The Treasury provides advice to the Treasurer.

The Treasury has provided advice to the Treasurer on the content of the final report of the Productivity Commission's study into Market mechanisms for recovering water in the Murray-Darling Basin.