

Statement of Reasons

Compliance of the GMW Water Efficiency Project with the agreed socio-economic criteria for efficiency measures

1. PROJECT DETAILS

Name: GMW Water Efficiency Project

Location: Goulburn Murray Irrigation District, Victoria

Project Type: Off-farm

Proponent: Goulburn-Murray Water

Total Project Cost: \$177.5 million

Commonwealth Funding Sought: \$177.5 million

Water recovery for the environment: 15.9 GL

2. THE DECISION

On 27 September 2020, the Victorian Minister for Water Lisa Neville determined that this project satisfies the requirement for water recovery projects to contribute to additional water recovery to have expected neutral or positive socio-economic outcomes.

The project was assessed against the socio-economic criteria agreed to by the Murray-Darling Basin Ministerial Council.

3. SUMMARY OF KEY STEPS

On 20 August 2020, Goulburn-Murray Water (GMW) submitted the GMW Water Efficiency Project with associated information about the expected socio-economic outcomes to the Department of Environment, Land, Water and Planning (DELWP).

Between 21 August 2020 and 11 September 2020, project information was posted on the Engage Victoria website to allow for public comments on the expected socio-economic outcomes.

On 27 September 2020, the Victorian Minister for Water, Lisa Neville made a determination on the project's compliance with the socio-economic criteria.

4. INFORMATION GUIDING THE DECISION

The decision was guided by:

- Information prepared by GMW in consultation with local government agencies and key stakeholders¹,

¹ Information publicly available at www.engage.vic.gov.au/gmw-water-efficiency-project

- Public feedback on the expected socio-economic outcomes of the project through consultation including 75 survey responses and 9 written submissions²,
- Supporting technical analysis on the socio-economic impacts of water recovery for the environment and infrastructure programs³.

5. REASONS FOR THE DECISION

Validity of water savings (Criteria 12a)

The project recovers water by reducing losses in the Goulburn-Murray Irrigation District (GMID) channel system.

The Victorian Water Savings Protocol requires that water savings are independently audited to verify works have been completed and the water savings have been estimated consistent with the methods described in the Protocol.

The rigorous and independently audited process will ensure that the water savings to be delivered will be real and will not result in profiteering or roting.

Potential impacts on water market prices (Criteria 7a, 7b, 7c, 7d)

The project's water recovery is achieved by reducing losses in the GMID channel system and will be distributed by reducing loss allowances in Goulburn-Murray Water's bulk entitlements and issuing water shares, providing confidence that there will be no impact on consumptive entitlements and water market prices.

Recently published analysis by ABARES⁴ has confirmed that off-farm water recovery projects have little or no impact on water allocation prices as there is no reduction in water supply available for irrigation and water demand is not affected.

Community and industry engagement (Criteria 1a, 1b, 1d, 9a, 9b, 6a, 6b, 3)

GMW pre-project engagement

GMW engaged with a range of stakeholders during development of the Water Efficiency Project proposal, including industry groups, local businesses, government agencies, GMID irrigators and the local community. As part of this process, GMW engaged with more than 200 individuals representing more than 50 organisations and associations.

An overview of the pre-project consultation undertaken by GMW has been provided to DELWP and made publicly available⁵.

Public engagement on expected socio-economic outcomes

Between 21 August 2020 and 11 September 2020, project information was posted on the Engage Victoria website to allow for public comments on the expected socio-economic

² Information publicly available at www.engage.vic.gov.au/gmw-water-efficiency-project

³ Information publicly available at <https://www.water.vic.gov.au/mdb/mdbp/social-and-economic-impacts-of-the-basin-plan-in-victoria>

⁴ ABARES 2020, *Economic effects of water recovery in the Murray-Darling Basin*
https://daff.ent.sirsidynix.net.au/client/en_AU/search/asset/1030661/0

⁵ Information publicly available at www.engage.vic.gov.au/gmw-water-efficiency-project

outcomes through an online survey and direct submissions. A Media Release⁶ was published notifying people of the consultation and GMW directly contacted affected landowners.

The majority of respondents agreed the assessment showed the project would have neutral or positive socio-economic outcomes.

In order to address community feedback, a set of actions has been identified to amend project implementation.

Responses to key concerns raised through the consultation and identified actions for project implementation have been included in a Closing the Loop⁷ report prepared by DELWP.

Future viability of proponent businesses and irrigation districts (Criteria 4a, 4b, 4c)

The modernisation and rationalisation of channels will contribute to the long-term viability of the GMID by reducing the irrigation infrastructure footprint and whole-of-life operation and maintenance costs for GMW and its customers.

The project is aligned to the Transformation of GMW currently underway to secure the long-term viability of GMW's business and maintain affordability for GMW customers into the future.

Channel and meter upgrades will directly benefit water supply to around 1000 GMW customers by providing enhanced service levels through more accurate metering, faster delivery times and modernised supply points.

Support for regional economies (Criteria 5, 6c)

Improving delivery service standards to irrigators benefits on-farm productivity and generates flow-on benefits to the regional economy by supporting processors and other agricultural service industries that provide employment and stimulate economic activity within the community.

The project will support local industry and regional economies by creating an estimated 1000 employment opportunities through procurement of regionally based project management, design services, civil contractors and use of locally sourced materials.

Social, environmental and cultural outcomes (Criteria 2a, 2b, 2c, 2d, 8a, 8b, 8c)

The project's works will be undertaken in accordance with the Environmental Management Plan⁸ prepared by the GMW Connections Project. The plan sets out the processes, procedures and guidelines to ensure that construction activities are delivered in compliance with relevant state and Commonwealth legislation, including the Environmental Protection and Biodiversity Conservation Act and the Victorian Environmental Effects Act.

The project is subject to annual independent audits against the Environmental Management Plan with oversight by DELWP and GMW will work with local Catchment Management Authorities to identify opportunities for local environmental enhancements.

⁶ <https://www.premier.vic.gov.au/consultation-efficiency-projects>

⁷ Information publicly available at www.engage.vic.gov.au/gmw-water-efficiency-project

⁸ https://assets.website-files.com/5b35d890852a6d732774b5a5/5c47da5ef9bd7d85d8e4cc24_Environmental%20Mgt%20Plan%20-%20Third%20Reedy%20Lake.pdf

Under the project's cultural heritage approval framework, a cultural heritage investigation will be undertaken at all Water Efficiency Project works sites and mitigation actions will be applied in accordance with the project's overarching Cultural Heritage Management Plan. Formal meetings with Yorta Yorta Nation representatives will be held every three months to ensure cultural heritage process are updated and emerging values are identified, protected and improved.

Consistent with the objectives of Water for Victoria, the project will consider opportunities for the project to enhance recognition of aboriginal values and traditional ecological knowledge in water planning and build capacity for Aboriginal involvement in water management.

Business resilience, including drought and climate change impacts (Criteria 10a, 13a)

The project will improve delivery service standards to irrigation businesses, through more accurate metering, faster delivery times and modernised supply points. This is expected to provide long-term drought and climate resilience generating productivity improvements, which create flow-on benefits to the regional economy.

Socio-economic criteria assessment – checklist

Checklist Key

Checklist Key	
+	Meets the criteria with positive outcomes
+	Meets the criteria with neutral outcomes
+	Meets the criteria requirement
×	Does not meet the criteria with neutral or positive outcomes
N/A	Criteria is not applicable to the project proposal

ID	Criteria	Response	Decision
1	Projects must be made public.		+
1a	A regional map must indicate where investments are being made to depict how these interrelate to improving the efficiency of the district. This includes showing broad location of the project, amount of water to be recovered for the environment, type of project and relevant socio-economic information.	Project information provided by GMW, made public on Engage Victoria, included maps indicating these features, the estimated water recovery and expected socio-economic outcomes of the project.	+
1b	Where possible, reports or outcomes of past projects should be made available.	Project information provided by GMW, made public on Engage Victoria, referred to outcomes of the GMW Connections Project and reports where available.	+
1c	Technical reports on completed projects must be made available to inform the development of any future projects.	Technical reports on the GMW Connections Project are available on the GMW Website and informed the development of the project.	+
1d	Following in-principle government approval, non-sensitive information about project applications must be advertised to allow relevant stakeholders to make submissions to the proposal.	The GMW Water Efficiency Project was made public for 3 weeks on the Engage Victoria website: https://engage.vic.gov.au/gmw-water-efficiency-project	+
2	Projects do not negatively impact on social and environmental outcomes.		
2a	All projects are required to describe the expected socio-economic and environmental benefits of their proposed project, with delivery partners required to coordinate and communicate with local communities and community bodies on the program and describe the expected socio-economic and environmental impacts of each program on the local community, region or state.	GMW submitted documentation describing the expected socio-economic and environmental outcomes to DELWP and undertook pre-project engagement with key stakeholders to inform public consultation and the socio-economic assessment.	+
2b	Social values may include the amenity to local communities of weirs, storages and parks that may be affected by efficiency projects.	Based on the information provided by GMW, the project's impact on social values are expected to be neutral.	+
2c	Large projects must describe the expected socio-economic outcomes of their proposal. In doing so, they must address the following: <ul style="list-style-type: none"> – the anticipated socio-economic impacts to the local community, region or state – their project's strategy for increasing the socio-economic benefit to participants and their 	The socio-economic information provided by GMW demonstrates that the project will have socio-economic benefits for the local community and region and describes the project's strategy for increasing socio-economic benefits (including, local procurement of goods, services and labour) that will contribute to the regional economy.	+

ID	Criteria	Response	Decision
	<p>communities (e.g. local sourcing of goods, services and labour); and</p> <ul style="list-style-type: none"> – if and how the project will contribute to regional investment and development in geographic area. 		
2d	<p>Both project and delivery partners are required to comply with all relevant laws including work health and safety laws. Each project must show an understanding of all relevant legislation or regulation (including environmental laws and regulations) that will require approval prior to works commencing.</p>	<p>GMW have the appropriate systems and frameworks in place to ensure that all project works are undertaken in accordance with all relevant statutory requirements including occupational health and safety laws and environmental laws and regulations.</p>	+
2e	<p>Australian Government to fund facilitators to work with communities to develop proposals that have community support and positive social and economic outcomes.</p>	N/A	N/A
3	<p>The project assessment for funding must be clear, timely, simple and transparent, and not unduly increase red tape.</p>	<p>The Victorian Government's socio-economic assessment process is clear, timely, simple and transparent and does not unduly increase red tape⁹. This statement of reasons and a closing the loop report will be published on the Engage Victoria website to support transparency.</p>	+
4	<p>Projects need to demonstrate how they contribute to the current and future viability of proponent businesses and irrigation districts.</p>		+
4a	<p>Proponent consider how the project would contribute to the current and future financial viability of the irrigation district/region where it will occur, including identification of potential irrigation network improvements.</p>	<p>As the Rural Water Corporation, GMW have considered how the project contributes to the current and future financial viability of the irrigation district.</p> <p>The project demonstrates alignment to the Transformation of GMW currently underway to secure the long-term viability of GMW's business.</p>	+
4b	<p>Projects should avoid upgrading water supply infrastructure where the system, or parts of the system are not going to be used in the future.</p>	<p>The proposal adopts a risk based asset management approach that is based on a first principle bottom up assessment (channel by channel), and provides a clear balance between prioritising works based on asset criticality, minimising whole of life asset cost, and providing a consistent and affordable service to customers.</p> <p>This approach aims to find the best fit-for-purpose solution for existing assets.</p> <p>The program of proposed works includes asset rationalisation where possible to improve system efficiencies and reduce ongoing costs.</p>	+
4c	<p>Project proposals in an irrigation district should take account of relevant irrigation business' strategies or plans.</p>	<p>The project demonstrates alignment with the Transformation of GMW.</p>	+

⁹ More information about the process is available at <https://www.water.vic.gov.au/mdb/mdbp/commonwealth-water-efficiency-program>

ID	Criteria	Response	Decision
5	Programs or projects support regional economies.		+
5a	Programs or projects should identify opportunities to support local industry and regional development.	Project information provided by GMW, identifies opportunities to support local industry and regional development such as, local procurement of goods, services and labour. Improving the standard of service to irrigators also creates flow-on benefits for the regional economy by supporting processors other agricultural service industries.	+
5b	Programs or projects should focus on increasing water use efficiency in ways that address industry, network/system and local/regional priorities, future needs and risks and may include research and extension services. <i>(Also captured in Criteria 9b, 6b & 10a)</i>	Using the 'efficiency optimisation approach' GMW identified an initial scope of works for the project that aims to find the best fit-for-purpose solution for existing assets and looks for opportunities to increase water use efficiency in ways that addresses irrigation network priorities. In response to community feedback, GMW will look for opportunities to integrate with irrigation extension programs and natural resource management actions to maximise regional benefits.	+
5c	Programs or projects in an irrigation district don't reduce the overall productive capacity of the relevant region.	The scope of works identified for the Water Efficiency Project provides opportunity to landowners to increase their overall productive capacity and the modernisation works are designed to secure the long-term viability of irrigation in the region.	+
5d	Programs or projects should not impact negatively on regional jobs.	The GMW Water Efficiency Project is expected to improve water delivery service standards to GMID irrigators and is estimated to create 1000 jobs in the region.	+
6	Programs or projects do not have negative third-party impacts on the irrigation system, water market or regional communities.		+
6a	Where a proposed project is located within an irrigation network, the proponent must provide evidence that relevant network operator or water corporation is involved in or aware of the project.	GMW is irrigation network operator and the proponent of the project.	+
6b	Relevant government or proponent must consult industry bodies, irrigation network operators/, local governments or regional development organisations, on a strategic regional approach which will focus on ensuring there is a mix of water efficiency projects in a region in ways that address industry, network/system and local/regional priorities, future needs and risks and may include research and extension services. <i>(Also captured in Criteria 9b, 5b & 10a)</i>	GMW undertook pre-project consultation and provided a summary report highlighting the key stakeholders that were consulted in project development ¹⁰ . Using the 'efficiency optimisation approach' GMW identified an initial scope of works for the project that aims to find the best fit-for-purpose solution for existing assets and looks for opportunities to increase water use efficiency in ways that addresses irrigation network priorities.	+

¹⁰ https://s3-ap-southeast-2.amazonaws.com/hdp.au.prod.app.vic-engage.files/2915/9798/4881/GMW_WEP_Consultation_Overview_Final.pdf

ID	Criteria	Response	Decision
6c	The socio-economic assessment of programs or projects must consider impacts not just on participants, but for broader regions.	<p>GMW have considered the impact of the project on GMID irrigators and the broader region.</p> <p>The project information demonstrates that improving delivery service standards to irrigators benefits on-farm productivity and generates flow-on benefits to the regional economy by supporting processors other agricultural service industries that provide employment and stimulate economic activity within the community.</p> <p>The project has also been developed to further support local industry and regional economies by creating an estimated 1000 employment opportunities through procurement of regionally based project management, design services, civil contractors and use of locally sourced materials.</p>	+
7	Projects need to be assessed for their potential to impact on the price of water.		+
7a	Proponents can only transfer water rights that they own at the time of their application. They cannot receive funding to acquire water rights. A project cannot transfer more water than the project will save, and the proposed quantity must be independently verified as being a conservative estimate of the resulting water savings. A proponent may keep any water savings beyond the amount transferred.	<p>The project's water savings are generated by reducing conveyance losses in the Goulburn-Murray Irrigation District (GMID) channel system.</p> <p>These water entitlements are currently in the form of loss allowances which make up part of GMW's Bulk Entitlement and will be issued as water shares to the Commonwealth Environmental Water Holder.</p>	+
7b	Proponents applying for project funding would be required to provide evidence that the water entitlements have been held for a minimum of 3 years at the time of application.	GMW's Goulburn and Murray bulk entitlements were created more than 3 years ago (in 1995 and 1999 respectively).	+
7c	Project proponents must ensure there is no direct impact on the reliability of water from cumulative implementation of projects.	<p>The project's water savings are generated by reducing conveyance losses in the Goulburn-Murray Irrigation District (GMID) channel system.</p> <p>The Victorian Water Savings Protocol requires that water savings are independently audited to verify works have been completed and the water savings have been calculated consistent with the methods described in the Protocol.</p> <p>This ensures that there is no direct impact on the reliability of water from cumulative implementation of projects.</p> <p>In response to feedback from public consultation, GMW and DELWP will work to improve public information on how water savings work and build understanding and transparency.</p>	+
7d	Projects must not directly increase the price of water.	The project's water savings come from conveyance losses in the GMID, which do not affect consumptive entitlements, the project will not have a direct impact on the price of water ¹¹ .	+

¹¹ ABARES 2020, *Economic effects of water recovery in the Murray-Darling Basin*
https://daf.ent.sirsidynix.net.au/client/en_AU/search/asset/1030661/0

I D	Criteria	Response	Decision
8	Any cultural impacts identified, protected or improved.		+
8a	Projects are required to describe the expected cultural benefits of their proposed project, with delivery partners required to coordinate and communicate with local communities and community bodies on projects and describe the expected cultural benefits of each project on the local community, region or state.	<p>GMW have indicated that the Water Efficiency Project involves upgrading or decommissioning existing infrastructure, with limited opportunities for cultural benefits.</p> <p>GMW will hold formal meetings with Yorta Yorta Nation representatives every three months to ensure cultural heritage process are updated and emerging values are identified, protected and improved.</p>	+
8b	<p>Projects must describe the expected cultural benefits of their proposal. In doing so, they must address the following:</p> <ul style="list-style-type: none"> - the anticipated cultural benefits to the local community, region or state; - their project's strategy for increasing the cultural benefit to participants and their communities (e.g. local sourcing of goods, services and labour) 	<p>GMW have indicated that the Water Efficiency Project involves upgrading or decommissioning existing infrastructure, with limited opportunities for cultural benefits.</p> <p>Consistent with the objectives of Water for Victoria, the project will consider opportunities for the project to enhance recognition of aboriginal values and traditional ecological knowledge in water planning and build capacity for Aboriginal involvement in water management.</p>	+
8c	Projects over \$3 million must identify cultural heritage sites and manage any impacts in accordance with relevant Commonwealth and State laws.	<p>Under the project's cultural heritage approval framework, a cultural heritage investigation will be undertaken at all Water Efficiency Project works sites and mitigation actions will be applied in accordance with the project's overarching Cultural Heritage Management Plan.</p> <p>GMW have the appropriate systems and frameworks in place to ensure that all project works are undertaken in accordance with all relevant Commonwealth and State laws.</p>	+
9	Program design should include close engagement with community and industry leaders.		+
9a	The relevant government or proponent must consult with industry bodies, IIOs, local governments or regional development organisations, or investment corporations on relevant strategic regional projects, and consider community support.	<p>GMW have demonstrated that they engaged with a range of stakeholders during development of the Water Efficiency Project proposal, including industry groups, local businesses, government agencies, GMID irrigators and the local community.</p> <p>In response to feedback from public consultation, GMW will undertake further consultation with affect landholders prior to project implementation and update their Landowner Guide to ensure continuous improvement in how the Project is implemented with irrigators.</p> <p>Through their landowner engagement process, GMW will work individually with customers in project implementation.</p>	+

ID	Criteria	Response	Decision
9b	This consultation should focus on increasing water use efficiency in ways that address industry, network/system and local/regional priorities, future needs and risks and may include research and extension services. <i>(Also captured in Criteria 5b, 6b & 10a)</i>	Using the 'efficiency optimisation approach' GMW identified an initial scope of works for the project that aims to find the best fit-for-purpose solution for existing assets and looks for opportunities to increase water use efficiency in ways that addresses irrigation network priorities.	+
10	Where practical, seek to develop and implement integrated implementation of efficiency measures to maximise benefits to the irrigation network and local enterprises.		+
10a	Programs or projects must focus on increasing water use efficiency in ways that address industry, network/system and local/regional priorities, future needs and risks and may include research and extension services. This would include integrated proposals. <i>(Also captured in Criteria 9b, 5b, & 6b)</i>	Using the 'efficiency optimisation approach' GMW identified an initial scope of works for the project that aims to find the best fit-for-purpose solution for existing assets and looks for opportunities to increase water use efficiency in ways that addresses irrigation network priorities. In response to community feedback, GMW will look for opportunities to integrate with irrigation extension programs and natural resource management actions.	+
11	Monitoring and evaluation, including of socio-economic outcomes, should be built into programs and used to regularly review and adapt programs as required.		N/A
11a	The Commonwealth will develop a monitoring and evaluation framework to assess the progress of projects in real time, post-approval.	GMW and DELWP will work with the Commonwealth to support any monitoring and evaluation of the project as appropriate.	N/A
12	Projects must deliver real water savings and not result in profiteering or roting.		+
12a	Projects must not allow participants to individually profit without creating water savings.	All water savings under the project will be audited in line with the Victorian Water Savings Protocol. The Victorian Water Savings Protocol requires that water savings are independently audited to verify works have been completed and the water savings have been calculated consistent with the methods described in the Protocol. The rigorous and independently audited process will ensure that the water savings to be delivered will be real and will not result in profiteering or roting.	+
13	Projects should identify improved capacity to respond to changes in business environment including drought and climate resilience.		+
13a	Provide information on how the project will improve resilience to climate variability.	The information provided by GMW demonstrates that by enabling the irrigation network to be operated more efficiently in the future the Water Efficiency Project is expected to contribute to the long-term drought and climate resilience of the GMID.	+