

# GMW Water Efficiency Project

Closing the Loop - Socio-economic Assessment



## Photo credit

GMW Connections Project, Pete Glenane/HiVis Pictures, 2017.

## Acknowledgment

We acknowledge and respect Victorian Traditional Owners as the original custodians of Victoria's land and waters, their unique ability to care for Country and deep spiritual connection to it. We honour Elders past and present whose knowledge and wisdom has ensured the continuation of culture and traditional practices.

We are committed to genuinely partner, and meaningfully engage, with Victoria's Traditional Owners and Aboriginal communities to support the protection of Country, the maintenance of spiritual and cultural practices and their broader aspirations in the 21st century and beyond.



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# 1. Executive Summary

Public consultation was undertaken on the expected socio-economic outcomes of the \$177.5 million GMW Water Efficiency Project in line with the socio-economic criteria agreed to by the Murray-Darling Basin Ministerial Council.

A range of strong and diverse views were heard from people that contributed, some of which fell outside of the socio-economic assessment. On the central question of whether the project assessment shows the project will have neutral or positive socio-economic outcomes, 65 per cent of the 75 contributors agreed.

We heard that many people were keen to see investment in off-farm infrastructure in the Goulburn Murray Irrigation District to support the regional economy and irrigation district viability and recover water for the environment without impacts on the consumptive pool.

Key concerns about the project centred around issues around Victoria's Basin Plan approach, the validity of water savings through the project and the need to protect local environmental values. A series of actions have been identified in this report to directly respond to community concerns about the socio-economic outcomes of the project.

## 2. Background

The Australian Government's Water Efficiency Program has \$1.5 billion in funding available for efficiency measures. The Murray Darling Basin Plan requires that all efficiency measures that recover additional water for the environment be assessed to ensure compliance with the [socio-economic criteria](#) agreed to by Basin Ministers to protect communities from further socio-economic impacts of water recovery.

More information about the key elements of the socio-economic criteria and the Victorian Government's approach to developing and assessing projects can be found on the [Water and Catchments website](#).

The opportunity for public comment is a key component of the socio-economic assessment of projects. The Victorian Government must take the views of the public into account when assessing water efficiency projects against the agreed socio-economic criteria.

The GMW Water Efficiency Project is a proposal for off-farm infrastructure upgrades that will contribute to the transformation of backbone channels in the Goulburn-Murray Irrigation District and modernise the Shepparton East area. The project would recover 15.9 GL of water savings for the environment at a cost of \$177.5 million.

Prior to the consultation by the Department of Environment, Land, Water and Planning on socio-economic outcomes, Goulburn-Murray Water (GMW) undertook pre-project consultation with key stakeholders between July and August 2020. GMW engaged with more than 200 individuals representing more than 50 organisations and associations.

More details on the project and a summary of this consultation conducted by GMW is available on the [Engage Victoria website](#).

DELWP sincerely thanks the people that have taken the time to provide their input to the socio-economic assessment of the GMW Water Efficiency Project.

## 3. Summary of Feedback

### 2.1 Introduction

The GMW Water Efficiency Project opened for public comment on Engage Victoria on 21 August 2020 for a period of 3 weeks, with consultation closing on 11 September 2020.

The purpose of the consultation was to gather public feedback on the expected socio-economic outcomes of the project.

Three documents were prepared by GMW which formed the basis of public comment on expected socio-economic outcomes:

- [GMW Water Efficiency Project Socio-economic Assessment](#)
- [GMW Water Efficiency Project Fact Sheet](#)
- [GMW Water Efficiency Project Consultation Overview](#)

A feedback survey on the Engage Victoria website asked people for their views on whether the project could be expected to have neutral or positive socio-economic outcomes based on the information prepared. People were also asked questions about whether any potential negative impacts could be mitigated, and whether the level of information was sufficient to help them understand the project.

Over the three-week public consultation period between 21 August and 11 September 2020 the GMW Water Efficiency Project Engage Victoria website was viewed 1,648 times by 977 visitors. We received 75 survey responses and 9 written submissions.

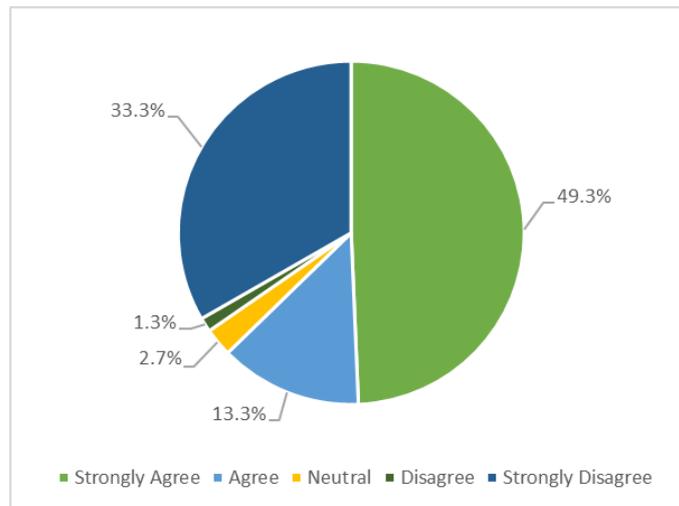
### 2.2 Who we heard from

Of the survey respondents, 50 were GMW customers and 25 were not. Of the 50 GMW customers 9 identified as non-irrigators. The vast majority (83 per cent) of respondents were from the Goulburn Murray Irrigation District (GMID).

### 2.3 What we heard about socio-economic outcomes

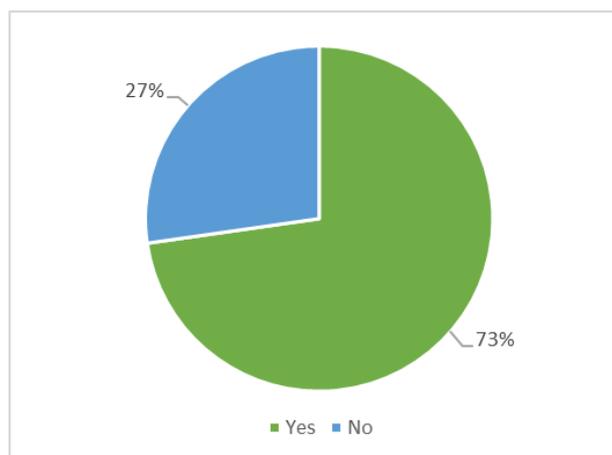
Of the 75 survey responses, 65 per cent of people thought that the project would result in neutral or positive socio-economic outcomes, with 62 per cent agreeing or strongly agreeing. Figure 1 shows the distribution of responses.

Not all of the 9 written submissions directly stated whether or not they thought the project would have neutral or positive outcomes, raising a number of issues relating to the validity of water savings, environmental impacts for the local region and the Basin Plan.



**Figure 1. Distribution of responses to the question 'Do you agree that project assessment shows the project will have neutral or positive socio-economic outcomes?'**

The majority of respondents (73 per cent) told us that the information prepared was sufficient for them to be able to understand and comment on the expected socio-economic outcomes of the project (Figure 2).



**Figure 2. Distribution of responses to the question 'Was enough information made available for you to provide feedback on the socio-economic assessment of the project?'**

## 2.4 Themes in responses about socio-economic outcomes

As well as asking people whether they agreed that the project assessment shows the project will have neutral or positive socio-economic outcomes, we asked why they chose a positive or negative response.

Respondents had strong and diverse views on the potential for socio-economic benefits or negative impacts through the project. Some feedback from people was not directly related to the project itself but covered related issues around water management and the Basin Plan.

There were a number of themes that emerged from the survey responses (Figure 3):

- Water Market Impacts
- Water Savings
- Environmental Impacts
- Project Implementation
- Regional Economy
- Irrigation district viability

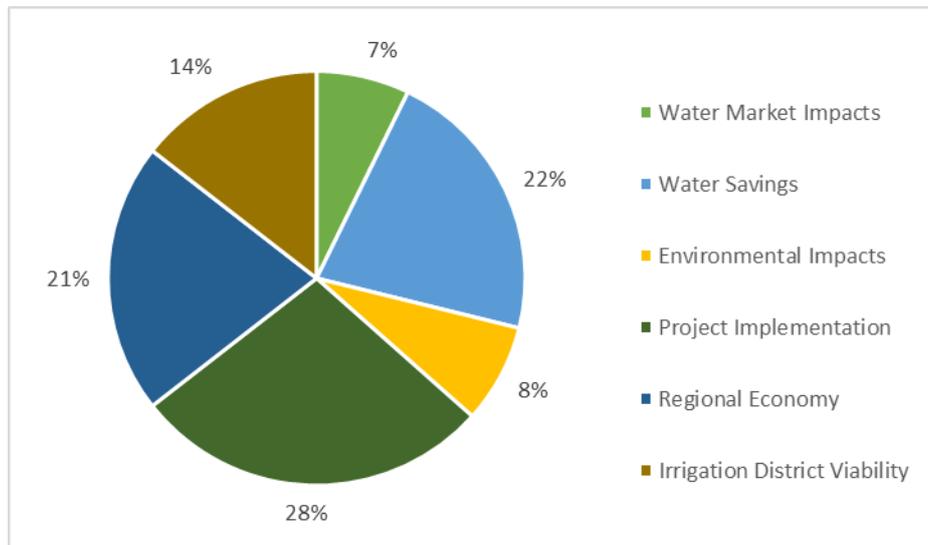


Figure 3: Distribution of responses according to themes about specific socio-economic factors

### Regional Economy and Irrigation District Viability

Of those who agreed the project would have neutral or positive socio-economic outcomes, the most common reason was the potential for the project to have positive impacts on the regional economy and on irrigation district viability.

The main examples raised by respondents were that increased investment builds confidence in the region, the opportunity creating a more efficient water supply, the creation of jobs during construction, and reducing long term costs for GMW customers by securing funding for required infrastructure upgrades.

*'This project presents a terrific opportunity to continue investment in northern Victoria in what are very difficult economic times due to the COVID pandemic'*  
– Irrigator, Shepparton

*'In these current times a project like this shows confidence in our region and will assist with economic growth. This will be a stimulus opportunity for the GMID'*  
– Non-Irrigator, Shepparton

### Water Market Impacts

A number of respondents thought that that a key benefit of the project was that it does not remove water from the consumptive pool and will therefore not put upward pressure on water market prices.

Some others believed that more information on water market impacts would have provided more clarity to inform their feedback.

*'This project is not taking water out of consumptive pool and avoid buy backs'*  
– Irrigator, Shepparton

### Water Savings

Some people told us that they were concerned about the validity of water savings or would prefer if the water that was recovered through the project could be retained for use by irrigators in the region.

*'The savings need to stay in the irrigation area from where they are sourced'*  
– Irrigator, Torrumbarry

Others highlighted that recovering water for the environment from system losses meant that there would be no impacts on consumptive entitlements, and represents an opportunity to access significant funding to support infrastructure upgrades.

*'the water is to come from improvements to the system and delivery and will not affect irrigators' water entitlements. Also it will be money spent on the system that GMW and effectively it's customers will not need to spend in the modernising of the system'*

– Irrigator, Leitchville

### Environmental Impacts

Some respondents told us that the project was a good way to recover water for the environment while achieving other regional benefits. We also heard concerns from a few people about water saving projects reducing the amount of water in the landscape and the potential impacts on birdlife.

*'the negative impact of high water prices is very visible both environmentally with dried up farms affecting birdlife and the emotional and social feasibility of the communities'*

– Irrigator, Pyramid Hill

### Project Implementation

A number of people told us that continued implementation of infrastructure works in the region would support local farmers by improving water supply, encouraging jobs on farms, and creating local jobs for contractors.

Some people raised issues with the project implementation and property changes that occurred through the previous or existing water savings projects like the GMW Connections Project.

*'It [the Connections Project] was not about working together it was only about Money, I feel it was not even about the water.'*

– Irrigator, Echuca

### Other key feedback

We also heard from respondents about issues which were not directly related to the expected socio-economic outcomes of the project, particularly about concerns with the water market and Basin Plan water reform.

In particular, a number of people were concerned about the Victorian Government continuing to look at water recovery projects to meet Basin Plan obligations despite the significant contribution already made towards environmental outcomes by Victoria.

Some respondents highlighted that recovering water from infrastructure projects is more expensive than direct water entitlement purchases.

*'The project assessment criteria are clearly flawed and not about contributing to the long term ecological health of the region, which is essential for underpinning long term social and economic viability.'*

– Non-Irrigator, Toolamba

*'Fix the Murray Darling Basin Plan, it's not fair'*

– Non irrigator, Melbourne

## 2.5 Response to feedback from consultation

The feedback received through this consultation process will inform the Victorian Minister for Water's assessment against the socio-economic criteria agreed to by the Murray-Darling Basin Ministerial Council.

Information and proposed actions to respond to some of the key issues raised in public feedback are outlined below.

### Validity of water savings

The Victorian Government has published a [Water Savings Protocol](#) which guides how water recovery from modernisation projects is estimated and verified. The protocol requires that all water savings are calculated consistently with defined methods and are independently audited to verify the completion of appropriate works. The protocol is periodically updated to ensure that it reflects the most up-to-date information and knowledge.

This process ensures that water savings projects like the GMW Water Efficiency Project are held to a very high standard, protecting existing water entitlements from negative impacts.

**Action - GMW and DELWP to undertake additional work and publish communication materials to improve information and transparency about water savings and how they are calculated to build confidence in water savings through infrastructure projects.**

### Water market impacts

The rigorous process for verifying water savings described above also ensures that off-farm water recovery projects like the GMW Water Efficiency Project have no quantifiable impacts on water market prices, as they do not reduce the amount of water available for consumptive use.

[Analysis of the economic effects of different water recovery approaches has recently been published by ABARES](#), showing that off-farm projects have little or no effect on water allocation prices as there is no reduction in water supply available for irrigation and water demand is not affected.

### Project implementation issues

DELWP and GMW are committed to continuously improving how landowners are engaged in the development and implementation of infrastructure projects and recognise the opportunity to improve how this is done with affected irrigators.

The [Connections Project Landowner Guide](#) sets out a best-practice approach to customer engagement during irrigation upgrade projects.

**Action – GMW to consult with customers on proposed works and update the Landowner Guide to make sure that the lessons learned during the GMW Connections Project inform the best possible approach to negotiating and working with landowners for the GMW Water Efficiency Project.**

**Action – GMW to work closely with local Catchment Management Authorities and Agriculture Victoria to identify ways to integrate irrigation modernisation works with extension programs and natural resource management actions on-farm to maximise productive benefits for irrigators.**

### Making the irrigation system more efficient can have negative impacts on local environmental values

Irrigation systems which are leaking can create artificial wetlands or areas that provide habitat for wildlife. To make sure any local environmental impacts of infrastructure modernisation are meaningfully considered, the works will be undertaken in accordance with the [Environmental Management Plan \(EMP\)](#) prepared for the GMW Connections Project.

*Action - GMW to work closely with local Catchment Management Authorities to identify ways to integrate irrigation modernisation works with environmental programs and enhance local environmental outcomes.*

### **Victoria's Basin Plan commitments**

The Victorian Government is delivering its obligations under the Basin Plan.

At Ministerial Council in June 2018, the Victorian Minister for Water confirmed that Victoria would contribute to the 62 GL of water recovery – to be delivered through water efficiency projects with neutral or positive socio-economic outcomes – required to secure the 605 GL of environmental offsets through the Sustainable Diversion Limit Adjustment Mechanism.

The GMW Water Efficiency Project could meet this commitment and builds on the strong record of delivering irrigation modernisation projects in regional Victoria which have multiple benefits for irrigators, the environment and regional economies.

### **Off-farm water recovery projects**

Recent analysis by ABARES highlights that off-farm water recovery projects are more expensive, in terms of cost per megalitre of water recovered, than water entitlement buybacks.

The Victorian Government supports further investment in irrigation infrastructure upgrades and other off-farm projects that can recover water for the environment and also deliver additional benefits for regional communities through securing irrigation system viability and improving productive outcomes for local economies.

## **4. What's next**

The Victorian Minister for Water will assess the GMW Water Efficiency Project for compliance against the socio-economic criteria, taking into account the views of the community from public consultation as summarised in this report.

If the project is determined to have expected neutral or positive socio-economic outcomes, it will be submitted to the Commonwealth Government for funding consideration.