GOULBURN-MURRAY WATER CONNECTIONS PROJECT RESET

COMMUNITY CONSULTATION

FULL REPORT

11 JULY 2016

Tim Cummins & Associates

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Acknowledgements

We commend attendees at all consultation sessions for the constructive manner in which they provided their views and advice on the future of the Goulburn-Murray Water Connections Project and for expressing both in a clear and concise way. Many attendees have lived through the ups and downs of the project and their observations and advice will be invaluable in improving delivery. Informative and courteous discussions were had at all sessions despite many attendees having a high level of personal and professional frustration with past delivery of various elements of the project.

We extend a special thank you to members of the Connections Project Stakeholder Consultative Committee and Water Services Committees who attended most workshop sessions. They asked the hard questions that need to be answered, assisted in group discussions at roundtable sessions and gathered first-hand the views of their communities on the four delivery model options. They will no doubt continue to work tirelessly, for little or no personal gain, to ensure the best outcome for the project.

We acknowledge the professionalism of local Connections and Goulburn-Murray Water staff, especially modernisation co-ordinators, who, despite also having a level of personal frustration with changing ground rules in the project, were clearly committed to the project, recognised its importance to regional businesses and communities and wanted it to succeed. To a large degree we attribute the constructive nature and success of sessions to good relationships between local Connections and Goulburn-Murray Water staff and customers.

We extend a sincere thank you to the Connections Stakeholder Engagement and Communications team who within short timeframes and under significant pressure, prepared clear and concise communication materials (handouts, surveys, posters and maps) that customers found informative. Their excellent logistical skills also ensured that consultation sessions ran seamlessly.

Finally, we thank the Connections project managers and Project Control Group members who introduced and closed sessions, gave presentations and responded openly and honestly to many questions. Their presence at consultation sessions was critical as they will be making decisions on the most appropriate delivery model to complete the project and will lead project implementation.

Summary

The Mid Term Review of the Connections Project (CP)[1] concluded that to successfully complete the project it needed to be reset. Throughout December 2015 and January 2016 The Primary Agency undertook a comprehensive consultation program with customers and stakeholders about the reset[2].

Eleven high-level delivery model options were subsequently developed with four shortlisted for further discussion with Goulburn-Murray Water (GMW) customers and stakeholders. The options apply to 'uncommitted' works and are designed to achieve the water savings target agreed by the Victorian and Commonwealth Governments, while supporting a sustainable Goulburn-Murray Irrigation District (GMID).

This report summarises feedback from GMW customers and stakeholders on the four high-level delivery model options currently being considered by the Project Control Group (PCG). The consultation program was part of an important, and continuing, conversation with landholders about the reset and implementation of the CP.

The delivery model options presented during consultation sessions were:

- Option 1 – Capture water savings from channels that have the highest population density of primary producers
- Option 2 – Treat the meters of high use customers (Water Use Licences) and capture water savings from high loss channels
- Option 3 – Treat all meters and capture water savings from high loss channels
- Option 4 – Efficiency optimisation (preferred for community consultation).

Preferred option

Feedback from the majority of customers and stakeholders indicated support for the PCG's strong preference for Option 4. The option was perceived to be fairer, more flexible, better focused and likely to provide a good compromise between achieving water savings and creating a sustainable and affordable irrigation system. Attendees commented that Option 4 appeared to address the need for more and improved consultation with customers, especially the need for one on one conversations, and greater use of local knowledge.

Attendees also identified a number of qualifications with Option 4 that require further consideration. These included questioning if there are sufficient funds available to deliver on contractual obligations and how to prioritise works.

Other options

Options 1 and 2 received similar levels of support to each other but less than Option 4. Many people favoured the priority given to larger water users and business enterprises, given they pay a higher proportion of the cost of the system. Smaller water users were less supportive, although a number indicated their concerns would be alleviated somewhat if they can retain their existing services.

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[1] GHD (2015) *Goulburn-Murray Water Connections Project Stage 2 – Mid Term Review Final Report*, November 2015. Viewed on 25 June 2016 at https://www.environment.gov.au/water/publications/goulburn-murray-water-connections-project-mid-term-review

[2] The Primary Agency (2016) *Report on the Community and Stakeholder Engagement for the GMW Connections Project Reset*, February 2016. Viewed on 25 June 2016 at http://delwp.vic.gov.au/water/gmw-connections-project

The major issues with the options were seen as the difficulty in defining what constitutes a primary producer (e.g. $40,000 of product at the farm gate) or large water user (e.g. water use greater than 100 ML per year), and once defined, how to determine if a customer fits into the agreed category. Using an average of water use or production levels over the past three years was seen as potentially being unrepresentative of future water use or production. A longer period of historic use was deemed as being preferable, but even this was looking backwards, not forwards.

Option 3 was almost universally seen as the least favourable option. Most attendees saw it as a waste of project funds because some upgraded meters would never be used and many customers wouldn't receive improved levels of service as much of the system wouldn't be automated.

Other matters

Customers and stakeholders raised a number of other matters that the project team will need to consider in planning and implementing the project. These included:

- Nominating a fifth option involving continuing to roll out the project as planned and seeking more funding. This is unlikely to be possible since governments have stated that no more funding is available for the project
- Stressing that how the project is delivered is just as important as what is delivered. It is essential that the reset includes improved communication and engagement with customers
- Supporting the use of statutory powers, particularly for long-standing holdups. Attendees agreed that the use of such powers will probably be necessary for successful delivery of the project
- Aiming for fair and equitable outcomes for individuals, irrigation areas and the GMID as a whole
- Dealing with delivery share given many customers don't need or want all their delivery shares but either can't afford to retire them, or don't believe they should have to pay to retire them (this is probably more a general matter for GMW rather than a project issue, and balanced against it is the general desire to remain connected to the system in an effort to maintain land values)
- Managing the use of private assets given there was little support for the transfer of GMW infrastructure to groups of customers to share responsibility
- Delivering a distribution system that is affordable for customers, both in terms of short-term tariffs and whole of life costs (this is a general matter for GMW as well as a matter for the project to consider).

1 Introduction

The Mid Term Review of the CP concluded "….*The project is unlikely to achieve the desired outcomes on time and budget*". It recommended that the project be reset in response to an improved understanding of project risks and underpinning assumptions.

Throughout December 2015 and January 2016 The Primary Agency undertook a comprehensive consultation program with customers and stakeholders to obtain their opinions on seven project reset options proposed in the mid-term review, eight possible planning priorities for future implementation and whether it was possible to develop a shared community view on future project delivery.

Eleven high-level delivery model options were subsequently developed, with four shortlisted for further consultation with GMW customers and stakeholders. The options are designed to achieve the water savings target agreed with government, while supporting a sustainable GMID.

The CP engaged Tim Cummins & Associates (TC&A) to assist with customer and stakeholder consultation on the four high-level delivery model options. TC&A's role was to implement and facilitate the consultation program, document findings and prepare a consultation report to inform the design of the final revised delivery model.

This report summarises feedback from GMW customers and stakeholders on the four high-level delivery model options.

2 Background

2.1 General

The CP is a $2 billion irrigation modernisation project in the GMID. The project is funded by the Victorian and Commonwealth Governments as well as Melbourne urban water users, and it is the most significant upgrade to the region's irrigation infrastructure in its 100-year history. The project has two stages, with Stage 1 being almost complete. Stage 2 is running concurrently and is in the early stages of implementation.

The project is required to deliver 429 gigalitres (GL) in water savings as per the funding agreement with the Commonwealth. These water savings are an important part of Victoria's water recovery target of 1,075 GL to meet its obligations for the Murray Darling Basin Plan. The project must also deliver a sustainable GMID. Completing the project will involve:

- Upgrading and automating backbone channels and meters
- Reducing the size of the channel network
- Modernising property connections to the upgraded backbone channel system through individual and shared solutions
- Investigating and delivering special environmental projects.

2.2 Reset

In March 2016, the Minister for Water Lisa Neville announced the new PCG to drive change and streamline the decision making process. The PCG is chaired by Mike Walsh, with Margot Henty and Campbell Fitzpatrick as members. Richard Anderson and the Project Director, Frank Fisseler, attend meetings as observers.

The Connections Project Stakeholder Consultative Committee has also been established and has met three times. Chaired by Richard Anderson, who is a mixed farmer from Bamawm and is also the Chair of the Victorian Farmers Federation (VFF) Water Council, the committee is made up of water users including

customers, agricultural and industry peak bodies as well as local government. Discussions to date have been robust yet constructive.

The focus of the project reset is to identify a delivery model that can achieve the water savings target agreed with the Victorian and Australian Governments, while supporting a sustainable GMID.

The aims and objectives of the CP were revised as part of the reset to adequately balance achieving water savings targets while supporting the ongoing sustainability of the GMID. A set of principles was also developed to guide planning and implementation of the remainder of the project.

The revised aims and objectives are to:

1. Assist irrigation communities in the GMID to adapt to reduced water availability and build a sustainable future for productive agriculture
    a) Provide services that meet customer needs for flow rates and timing, and are adaptable to meet changes in customer needs
2. Enhance the environment locally and across the Murray Darling Basin
    a) Create water savings for environmental use across the Basin
    b) Create local environmental benefit by implementing environmental improvement projects (e.g. Lowering Little Murray Weir, Kerang Lakes, mitigation water and local environmental flows).

The following principles will also be applied:

- The project will work productively with communities to implement the project
- Provision of connections solutions will be prioritised on the basis of their ability to deliver value for money water savings
- Where the value for money water savings criteria is met, priority will be given to connections that support food and fibre production, regional development, jobs and growth
- Connections standard will be proportional to the needs of the user and fit for purpose
- Where a user seeks a higher standard of service, the user will have to contribute to the cost
- Where urban supply is available to non-commercial users, the continuing requirement for both urban and irrigation supply will need to be justified
- GMW will honour executed landowner agreements that are consistent with these principles or where contractual obligations exist. Contractual arrangements can be withdrawn where mutual agreement has been reached with the landowner
- Statutory tools will be enacted when an agreement cannot be reached in a reasonable timeframe
- Seek to ensure GMW's cost recovery meets operational and whole of life cost needs for the water delivery system.

The project reset has broken the project into three categories: completed works, committed works and uncommitted works.

Committed works are works that were underway before the project reset. An important principle of the project reset is to honour existing agreements and the Connections team has ensured that the full program of winter works will be completed in 2016. Uncommitted works are works required to complete the project that are not completed or committed.

The PCG engaged PwC to conduct a baseline financial report for the project. A summary of PwC findings for CP Stage 2, along with estimated water savings are presented in **Table 1**. The information in **Table 1** was presented at each of the community consultation sessions.

Table 1 – Financial and water savings status of CP Stage 2

Works category	Water savings	Expenditure
Completed	32 GL (actual)	$360 million (actual)*
Committed	62 GL (target)	$362.5 million (target)^
Uncommitted	110 GL (target)	$349 million (target)
TOTAL	**204 GL**	**$1,071.5 million**

Notes:
* Includes planning and overhead costs
^ Includes special projects and overhead costs

3 Consultation and engagement program

3.1 Objective and purpose

The objective of the consultation program was to seek customer and stakeholder views and advice on four delivery model options to complete the CP and other matters that would improve project planning and implementation.

The purpose of seeking feedback was to ensure that the Connections team make better use of local knowledge in the delivery of the project.

3.2 Options

The delivery model options for the reset presented during consultation sessions were:

- Option 1 – Capture water savings from channels that have the highest population density of primary producers
- Option 2 – Treat the meters of high use customers (Water Use Licences) and capture water savings from high loss channels
- Option 3 – Treat all meters and capture water savings from high loss channels
- Option 4 – Efficiency optimisation (preferred for community consultation).

The delivery model options apply to CP Stage 2 uncommitted works. The degree to which they apply to Stage 2 committed works is still to be determined. This will partly be determined through consultation with customers with committed works.

3.3 Method

The design of the consultation program drew on feedback from previous community consultation sessions, the Connections Project Stakeholder Consultative Committee, the PCG and the Connections Project team. Feedback heavily influenced the format of sessions and the information presented at sessions so that customers and stakeholders were given a genuine opportunity to have their views heard.

The resulting program thus:

- Consisted of five full day sessions at towns spread across the GMID so that attendees didn't have to travel long distances to get to a session
- Provided two workshop sessions per day so that customers with different business and personal time constraints had options about when to attend. The workshop sessions:
    - Presented much of the available information on project status and the four delivery model options to all attendees early in the workshop sessions to provide context and specifics about the options on which feedback was being sought
    - Allowed for an open discussion following presentations on project status and, predominantly, points of clarification about the options
    - Split into smaller groups for roundtable sessions, which allowed for additional questions and discussions about options. Those uncomfortable with talking in larger groups could express their views more easily in these sessions, which also allowed for the views of more people to be heard
    - Called for feedback from each small group roundtable discussion to expose all attendees to the key views on the four options discussed at each table
    - At some sessions had a final additional open discussion which provided an opportunity for attendees to raise matters that may have been overlooked or received insufficient attention
- All day 'drop-in' sessions also provided an opportunity for one-on-one discussions with Connections or GMW staff to those who couldn't make it to the workshops, wanted to talk about their specific circumstances, or were uncomfortable in a workshop environment
- Staff were available to consult with individuals if they felt a greater need to try and resolve issues at the property scale rather than to help provide the PCG with a richer understanding of the implications of each option for their local communities, which was the focus of the round table discussion. Staff were made available during the round table sessions, or after both midday and evening sessions. This also allowed for more focused discussion on the tables.

Attendees had access to a wide range of Connections and GMW staff, including decision makers, who could answer questions. Representatives from the following were present at all sessions:

- PCG
- Senior Connections project managers
- Local area Connections modernisation coordinators
- GMW local area staff
- Connections Stakeholder Engagement and Communications team
- TC&A staff.

Members of the Connections Project Stakeholder Consultative Committee and Water Services Committees also attended most workshops.

3.4 Sessions

Five full day consultation sessions were held at:

- Cobram on Wednesday 8 June 2016
- Kerang on Thursday 9 June 2016
- Echuca on Tuesday 14 June 2016
- Pyramid Hill on Wednesday 15 June 2016
- Kyabram on Thursday 16 June 2016.

Each day consisted of two workshops, one from 12:00 to 2:00 pm and one from 6:00 to 8:00 pm and 'drop-ins' between 12:00 and 8:00 pm.

Each workshop was opened and closed by members of the Project Control Group and facilitated by TC&A staff with Connections managers presenting material about the reset, including the four options. Presentation material focused on the major aspects of the reset and the details of the four options (**Attachment 3**). Time was provided for some open discussion, concentrating on points of clarification on the options. Small roundtable discussions provided attendees with a chance to have their views heard and recorded. Local Connections and GMW staff led many of the roundtable discussions. This provided attendees with access to local knowledge and context and staff with a chance to understand first-hand customer views on reset options.

Attendees were told that the Connections Project Stakeholder Consultative Committee had recommended Option 4 as the preferred option for consultation and that the Project Control Group also had a preference for Option 4. However, all four options were presented and discussed.

A number of attendees said that to make a fully informed decision on a preferred delivery model they would ideally have been given more detailed information about the options and more time to consider their responses. This was recognised in the design of the consultation program by acknowledging that attendees weren't being asked to vote for any particular option(s), rather they were providing their initial reactions to the options so that the PCG would have a richer understanding of the implications of each option when it came to make its final decision. They were also invited to indicate if they had a preference for any option and why, additional personal feedback forms and on line feedback options were provided for this purpose.

Towards the end of each of the ten workshop sessions, following discussion of delivery model options amongst up to five roundtable groups at each workshop, feedback on the four options was brought to a focus by asking:

> "*The Project Control Group is leaning towards Option 4. Did your discussions support this view?*"

TC&A staff recorded all questions and discussions during open sessions. Feedback forms were used by nominated scribes at each roundtable discussion to record customer and stakeholder views (**Attachment 1**). TC&A recorded summaries of discussions from roundtables that were presented to all attendees following each roundtable session.

Attendees were also invited to fill in a hard copy or online survey (**Attachment 2**). Connections Stakeholder Engagement and Communications team members collated information from surveys and forwarded this to TC&A for inclusion in this report.

An open call for submissions was made in the following format via the Connections Project website (www.gmwconnectionsproject.com.au):

- Email: project.director@gmwater.com.au
- Phone: (03) 5826 3776
- Filling out our Connections Consultation Survey.

Comments close on June 25 (This has been extended from June 18).

3.5 Information

Information provided to workshop attendees included:

- Connections Project Reset Community Consultation Paper – the paper was released by the Minister for Water just prior to the first consultation sessions in Cobram. The paper provided information on remaining project funding, an update on water savings achieved and the four options considered for resetting the project that were discussed at each consultation session. Hard copies of the paper were provided to attendees. The paper was also made available on line in advance of the workshops at http://www.gmwconnectionsproject.com.au/wp-content/uploads/2016/06/ROADMAP_2_Connections_Project_Minister_Announcement_FINAL.pdf
- Hard copies of fact sheets describing each of the four delivery model options (**Attachment 3**)
- Detailed maps of completed, committed and uncommitted works and channel loss ratings in each irrigation district were hung around the room to give customers access to much of the information available to guide the reset
- Hard copies of the PwC summary of key findings were also made available. The PwC document summarises findings from their review of the forecast financial position of the project and the appropriateness of the allocation of expenditure incurred to date. It is available online at http://www.gmwconnectionsproject.com.au/pwc-report/.

During the sessions, participants requested that the financial details (e.g. tables and pie charts of regional expenditure) given on the presentations also be included in the written materials that they took away.

3.6 Attendance and feedback

In all, 302 people attended the consultation sessions. A summary of attendance at each location is provided in **Table 2**.

Table 2 – Number of people attending consultation sessions at each location

Location	Number of attendees
Cobram	58 people attended (27 had registered)
Kerang	56 people attended (39 had registered)
Echuca	55 people attended (20 had registered)
Pyramid Hill	46 people attended (8 had registered)
Kyabram	87 people attended (44 had registered)

Thirty-two people responded to the on-line survey, including about 30% of responses from people who had not attended any of the workshops (see **section 8**).

On most days there were around twice as many people present at the day time meeting as were present at the evening meeting. Kyabram was an exception, in that there were roughly equal numbers at both sessions. In contrast to the on-line survey, it was not possible to determine the proportions of different categories of users (large enterprises, dairy, croppers, small holders, hobby farmers and stock and domestic users), although clearly some were more dominant in one location, e.g. large scale croppers in Pyramid Hill and small holders in Echuca.

4 Preferred option – Option 4

Option 4 involves developing a fit-for-purpose solution for each individual channel. It is a hybrid solution of the other three options and takes account of the requirements of commercial irrigators on each channel when developing a connections solution. Local knowledge is an important input to the option. Typical interventions under Option 4 are provisionally expected to be:

- Decommission channel and substitute with private connections
- GMW retain channel – Automation and meter upgrade (low loss channel with high water use)
- GMW retain channel – Remediation, automation and meter upgrade (medium-high loss channel and medium-high water use)
- GMW retain channel – No modernisation (no cost effective water saving solution).

More information about Option 4 is presented in **Attachment 3**.

The feedback from the roundtable discussions supported the PCG in their preference for Option 4, with only three tables over the course of the ten meetings providing feedback favouring other options. Option 4 was perceived to be fairer, more flexible, better focused and more likely to provide a good compromise between achieving water savings and creating a sustainable and affordable irrigation system than the other options presented. Attendees commented that Option 4 appeared to address the need for more and improved consultation with customers, especially one on one conversations, and greater use of local knowledge.

Statements about Option 4 ranged from those providing strong support:

> "*Where were you seven years ago? You could have saved us a lot of time and money…You are the first person to come through here talking sense.*"

To those providing more qualified support:

> "*Option 4 is the best of a bad bunch of options."*

Specific qualifications about Option 4 included questioning if there were sufficient funds available to deliver on contractual obligations, concerns about the high cost and practicality of using local knowledge to assess solutions for each channel, how much Connections and GMW staff know about customer business plans and needs and channel losses and whether a partially modernised system would be practical or affordable to operate and amenable to equitable tariff structures. All respondents were in favour of cheaper technical

solutions to outlet and channel upgrading and, providing they were not substandard in performance, were keen to see them employed in achieving targeted water savings and providing cost effective improvements in service.

Farmers in general do not like pumped solutions, even if the economic case appears to be favourable for dairy or cropping. They are concerned about capacity constraints for delivery through piped connections (whether gravity or pumped). There is also a distrust of modernisation solutions that are routed through neighbouring properties, particularly through multiple properties. Small farmers also say that it is hard to obtain insurance for pipelines.

There are properties where Dethridge meter outlets are either poorly located or incorrectly levelled and consequently do not command the farm properly. Historically, water bailiffs would adjust water levels to compensate for this, but with modernisation, backbone channel water levels are run as low as possible to minimise seepage and leakage losses and consequently the level of service might reduce significantly. Individual assessment of cases should take care to incorporate these considerations.

One smaller user requested consideration of co-contributions to re-site substandard outlets (on an already re-laid out farm with a poorly sited and levelled small meter outlet) to enable them to use the water allocation they have. Where meter outlets need to be replaced on smaller properties, farmers are keen for cheaper but appropriate technologies, in part to minimise metering charges in the future. They also feel that this will potentially allow more small users to be treated.

The public consultations have allayed fears (amongst smaller users / hobby farmers) that they will be disconnected. It was made clear during sessions that they will be able to retain their existing water supply arrangements.

How to prioritise connections solutions is an important element of the Option 4 upon which no agreement was reached and still has to be worked out in detail. Participants' suggestions included prioritising connections for primary producers, larger water users, customers on high loss channels or customers holding more delivery shares. The project will focus on achieving the most cost effective water savings ($/ML saved) and the project team is near to completing a preliminary costing of the potential savings across all remaining parts of the GMID. It will be important to explain this part of the prioritisation process to customers during the implementation of the reset.

Feedback from the workshop indicates a strong preference for a more individual approach to assessment of water use. The issue of assessing past and future use will remerge as the prioritisation process is developed. Some farmers maintain that recent history of use over 3 years may not be representative because of varying water availability – for example low allocation in year 1, flooding in year 2 and high water market prices for allocation water in year 3. Broad-acre croppers (Torrumbarry-Loddon) are opportunistic and prefer the use of delivery share over a 3 year history of use as a metric to assess meter replacement, since they may use large flows 1-2 times in 5 years. They note that if they pay for delivery share, they merit outlet replacement.

Underlying users' attitudes to history of use is the feeling, especially among hobby and small farmers, that the ability to supply water has a significant effect on their property values. Although not representative of the community at large, it seems that small users attending the workshops have retained their water shares and have little intention to trade them. This is in stark contrast to many dairy farmers who have sold a significant proportion of their entitlements, and have been buying allocations to cover their needs. A common quote:

> "*Farmers' assets are their super.*"

A number of attendees, including smaller horticultural users, suggested that value of output per megalitre used should be considered as a metric to capture high value, low volume customers. There were suggestions to provide a ranking of the 10 most productive water uses.

Some groups suggested that prioritisation results should clearly show the cost per megalitre saved and where an individual's case sits in the overall ranking (possibly with an approach similar to benchmarking irrigation performance in the past).

There is also concern that option 4 will eat up more investment in consultation and planning than has been the case up to now, and this will diminish the spend on the ground.

Some users have not fully grasped that the primary intention of the modernisation programme is to make water savings at a system level. There remains a perception that the investment should be primarily to improve the farming and sustain rural communities and the rural economy. There is a smaller group that do not understand how savings are made in system operation, and some that confuse the connections program with the on farm water savings program, or even understand it to be a compulsory acquisition of their water entitlement.

4.1 Feedback relating to implementation of Option 4

Most attendees were not sure of the definition of committed and uncommitted channels, even with the maps prepared for each irrigation district. Further clarification and communication of this would be useful as the reset design progresses.

There are a number of unresolved legacy cases where farmers are unsure of the final outcome, even after multiple attempts at agreement in the past. This group includes: spur channels where one of many farmers has “held out”; where the final cost per megalitre of water saved has been too high; where viable cases have dropped out because SCP-wide solutions have not been agreed. Option 4 is seen as being able to reawaken work in SCPs that are inactive at present. It could be smart to identify the legacy cases at an early stage of the prioritisation process and (to gain good will) begin with those that meet the priority criteria. Where they will not be implemented, it will be equally important to communicate quickly and clearly to those groups and “put these legacy cases to bed”. Farmers often say that the decision itself is less important than receiving timely notice of what the decision is, so that they can plan their development and investment accordingly.

> “*We will always think about our business first. Sometimes GMW need to be a bit firmer in telling us why an option has broader benefits and getting some compromise.*”

For many who attended the sessions, it is not clear what constitutes a contract, with some confusing signed permissions for survey work with a contract for modernisation works. The reset project will have to communicate very clearly what constitutes a cast-iron agreement to do work, especially given that a higher level of individual consultation is envisaged.

There remains distrust of modernisation co-ordinators amongst those who have seen high turnover and limited farm level expertise in their previous encounters. This will be hard to address for the reset, especially with increased consultation activity, but will continue to be a key factor in gaining trust.

Some attendees were concerned about the durability of water savings in the future, and the likely impact of future losses on security of supply. They expect that savings through metering will decline over time even with intensive calibration and maintenance programs. Similarly they expect channel seepage and leakage to increase over time as channel and channel linings (particularly plastic linings) degrade. Some suggest that durability of savings should be a factor in priority ranking.

In Pyramid Hill, croppers have changed their pattern of irrigation – to spring and autumn watering with limited or no application through the peak demand period in summer. Some thought that evaporation losses from the backbone could be significant during this low use period and suggested that changed operations, such as reducing pool levels, might contribute to savings.

There is a strong perception amongst all categories of farmers that equity and quality of service are directly related to the dollars spent (on their part of the system), rather than the actual result in terms of quality of service. Many voiced concerns about “missing out” if they were not connected, or their (non-backbone) channels were not improved. In one meeting participants were challenged to define equity. Clearly major service improvements should arise from backbone automation in terms of flow rate and ordering. However, where current meters are retained, the service received will depend on the quality and command of the Dethridge meter outlets at a given farm. Larger farmers, especially those from Pyramid Hill, noted that maintenance on many spur channels has been deferred by GMW in the expectation that they will be retired. They are keen for those that are retained (but not treated) to be brought back to standard, especially as it is likely that seepage and leakage in such channels is higher as a result of deferred maintenance.

Farmers feel that if service is clearly shown to be of a lower standard, then there should be a reduced tariff to reflect this. However, larger connected farmers also argue that the unmodernised portions of the system will incur higher O&M costs (through greater retention of bailiffs and associated capital and operational costs (vehicles, extended mileage) that they should not pay for. Future tariff policy, level of service and whole of life costs are likely to be an enduring point of discussion. GMW has recently succeeded in negotiating a consistent tariff across five of six districts and will be keen to continue this. It might be useful for the reset to have some well prepared arguments on future tariff policy, even though this is a GMW operations issue.

Small farmers are becoming aware that they may retain 6-8% extra water delivery over the volume billed if they retain their existing meters, and see this as a benefit.

Inevitably, farmers relate strongly to their individual circumstances and preferences and concerns reflect key distinctions such as those between hobby farmers, small scale enterprises and commercial operations. Thus there are a number of points of view that are contradictory.

Most accept that the volume of water delivered to the GMID has already declined significantly and will decline further in the future. Large users are still keen to see the footprint of the GMID decrease in order to minimise future O&M costs and hence water charges. However, some who argue for this also argue that the CP is not delivering what was 'promised'. Many have misplaced understandings of what they were 'promised' and see universal connection and rationalisation of the whole system as promised outcomes. At the outset of the project it was assumed that some 45% of (small and marginal) producers would retire from irrigation, but most have continued. This forces a compromise in maintaining service to a larger than expected client base, and a larger than desired infrastructure to do so. It should be made clear to customers that servicing the current user population and reducing the footprint of GMID as originally intended are not mutually compatible goals.

The majority of participants understand the importance of minimising whole of life costs in connection works because they are concerned about water charges in the future and are therefore keen to see durable and affordable modernisation. Some groups note that retention of non-backbone channels will likely increase whole of life costs and tariffs in the future.

Another example of conflicting opinions might be termed “other people's meters”. The near universal rejection of Option 3 is because it is seen to be wasteful to invest in meter replacement where water has not been delivered and is not likely to be delivered in the future. At the same time, many participants state that future use may be greater and that there needs to be infrastructure within the system that allows for “development”, and that also allows for new entrants to irrigated farming. This argument also ignores the declining trend in deliveries throughout the GMID and how that impacts new entrants, further development and the need to secure water and delivery shares. Some will argue they have development plans for the future and it might be useful for the reset to clarify what a serious development plan for the future looks like in relation to negotiating solutions in such cases.

There is perhaps also a broader policy question about what mix of enterprise creates a sustainable future for a region and how new entrants to farming fit into this future.

5 Option 1

Option 1 prioritises the modernisation works on channels that provide the lowest cost per primary producer (i.e. generally channels with more primary producers are prioritised for modernisation works over those that have less). More information about Option 1 is presented in **Attachment 3**.

Similar to Option 2, feedback about this option was more mixed than for Options 3 and 4. It received a similar level of support to Option 2, significantly more support than Option 3 but much less than Option 4.

Nearly all larger customers, and some smaller customers, supported prioritisation of primary producers because they pay a large proportion of system costs and are important for supporting the future of communities. Again, as for Option 1, some smaller users said their concerns about not being modernised would be alleviated if they could retain their current service.

Attendees saw the difficulty in defining a primary producer as one of the major issues with Option 1. Some thought the definition should be higher (e.g. $80,000 at farm gate rather than $40,000) while others thought it should be lower to reduce the number of winners and losers. Basing the definition on past production levels was seen as looking at yesterday, not today or tomorrow. There were a number of groups who thought delivery share was a fairer way to determine whether someone received a modernisation offer or not, as it bases the decision on who is currently paying for the system.

Another issue raised was that some primary producers on channels with many smaller users would miss out on being modernised. This was seen as being unfair because every primary producer should have the same opportunity to receive a modernised connection and improved level of service. More broadly, favouring primary producers over small users was seen as creating very obvious groups of winners and losers, which could cause conflict between neighbours and within families. Not modernising many of the smaller users was also seen as limiting future development because smaller farms are an entry point for young farmers.

Other themes were that:

- A system that is only partially modernised would not run efficiently
- Prioritising primary producers would mean many high loss channels would not be treated resulting in difficulty in obtaining water savings and in meeting contractual obligations. This would make it more difficult to obtain funding which is dependent on the transfer of water entitlements
- The top down, broad-brush approach used for Option 1 would not address the variability of circumstances amongst customers.

A summary of comments on Option 1 is presented in **Attachment 4**.

6 Option 2

Option 2 treats the meters of high water use customers (i.e. those using more than 100 ML per year per Water Use Licence) and modernisation of customers on the highest loss channels. It uses the current solutions mix (i.e. private connections, rationalisations, shared pipelines etc). More information about Option 2 is presented in **Attachment 3**.

Feedback about this option was more mixed than for Options 3 and 4. Similar to Option 1, it received significantly more support than Option 3 but much less than Option 4.

The option was seen as straight forward and easily understood and likely to obtain cost effective water savings. Nearly all larger customers, and some smaller customers, supported prioritisation of large water users because they pay a large proportion of system costs and are important for supporting the future of communities. Again, as for Option 1, some smaller users said their concerns about not being modernised would be alleviated if they could retain their current service.

However there were a range of issues raised with the option.

Firstly, the difficulty in defining the appropriate volume of water use to describe a high water use customer – a volume greater than 100 ML per year might be appropriate for dairy or cropping enterprises but not for horticulture, and vice versa. And ideally it would be judged against each business, some of which may hold several water use licences with some allowing less than 100 ML of use.

Secondly, attendees couldn't see an equitable way to identify customer water use. Using an average of water use over the past three years was seen as potentially being unrepresentative of future water use. Many complicating factors were raised as effecting past and future water use, e.g. recent property purchase, illness, water price, weather and change in business plans. A longer period of historic use was deemed as being preferable, but even this was looking backwards, not forwards.

A few people suggested basing modernisation offers on delivery share as this reflects who is paying for the current system. One argument against this approach is that it is simply retrofitting the 'old' system because it fails to recognise that deliveries in the GMID have fallen from 2,200 GL to 1,400 GL per year. So neither approach is perfect.

This argument also demonstrates a degree of cognitive dissonance. On one hand many workshop attendees expressed a desire to reduce their delivery shares without having to pay the exit fees; on the other hand many were fearful of being disconnected from the delivery system, or giving up their delivery shares, for fear of a reduction in their property values. In part at least, this helps to account for some of the difficulties involved in delivering the project without the reset. In theory, the present value of the ongoing stream of delivery share charges should be discounted from property values in any case, but in practice people appear to be more willing to absorb smaller ongoing annual liabilities rather than accepting a larger 'once-off' loss.

The top down, broad-brush approach used for Option 2 was also judged to be not capable of addressing the variability of circumstances amongst customers.

A summary of comments on Option 2 is presented in **Attachment 4**.

7 Option 3

Option 3 prioritises upgrading all customer meters and modernising customers on high loss channels (with the remaining funds) as per the current solution mix (i.e. private connections, rationalisations, shared pipelines etc.). More information about Option 3 is presented in **Attachment 3**.

Feedback from most roundtable discussions, most individual responses during 'drop-in' sessions and most survey respondents indicated that Option 3 had the least support of all options.

A number of issues were frequently raised with Option 3. Most saw it as a waste of project funds because some upgraded meters would never be used and many customers wouldn't receive improved levels of service as much of the system wouldn't be automated. Another common opinion was that replacing all existing meters would mean high whole of life costs for the distribution system and less durable meter based water savings – as compared with more enduring water savings from reducing water losses in channels.

The top down, broad-brush approach used for Option 3 was also judged to be unable to address the variability of circumstances amongst customers.

A summary table of responses to Option 3 is presented in **Attachment 4**.

8 Surveys and submissions

8.1 Individual on-line survey

Individual feedback from on-line surveys provided a similar level of backing for Option 4 (74% of 32 respondents) but also showed a somewhat higher backing for options 1, 2, and 3 (27, 30 and 20% respectively) (**Table 3**). These surveys provide more contextual information than we can glean from the roundtable discussions and feedback, but the sample size is too small to allow comments and responses to be linked to a particular category of user.

About two thirds of the on-line respondents had attended the round table meetings and the remaining one third had not. The most favoured option for implementation was Option 4 (61%) with 7% supporting Option 2 and a more significant 25% saying that none of the four options should be implemented. The geographic spread of respondents was even except for a larger group (30% of total) from Rochester-Campaspe. 72% of respondents are aged greater than 45 and only 10% are under 35. 44% have yet to be modernised and 22% are in the process of modernising. The "others" category consists of those with multiple farms, some modernised and some not, and those who have been waiting on a decision for some years. The comments on the aims, objectives and principles of the reset are already reflected in feedback from the public consultations.

Feedback was in general of a more negative tone than heard at the round-table discussions:

> *"I won't believe anything has changed until we are contacted by a case manager who can provide some solid direction and timeframes. I will believe it when I see it!!"*

The position of larger irrigators was articulated in the following statement:

> "*Property consolidations can and should occur, which will enable GMW to rationalize assets (spur channels) and still achieve water savings. Fast or rushed decisions lead to poor long-term outcomes. Communication has been poor in the past due to constant changes in policy around the project. These amendments have occurred as the funds have reduced and it became obvious that the project would not meet original water saving targets and infrastructure objectives. Customers need to be given clear guidelines as to why the project should invest taxpayer funds to their future supply. If they don't have a long-term future in irrigation, then the funds will be wasted on unused or under-utilised assets.*"

Table 3 – Summary of on line survey responses

	Agree (%)	Neutral (%)	Disagree (%)	Comments
Option 1	27	27	46	No savings from low loss channels if connected; it will not result in modernisation of many properties; big users and primary producers are the ones who pay for the system and should have priority; unfair (biggest comment number).
Option 2	30	27	43	Comments focus on main users and removal of "inefficient channels"; threshold should be higher than 100ML/a. Mishmash of meters and works within and across districts. Generally favoured by larger users and disfavoured by small ones.
Option 3	20	37	43	Waste of money to connect unused meters and will not recover water savings if high loss channels are not treated and will miss opportunity to benefit those on long lossy spurs.
Option 4	74	20	6	This option has the potential to upgrade the GMID in a more sustained manner, but it is still unclear how much it would cost, and what the system pricing will be to cover it. Loddon Valley would get the least amount of works and still have to pay a premium. Start from the most $/ML moving up with a holistic view as to future use. It could be a risk to not consider the big picture. Not necessary to give all customers an upgraded meter. Those who don't use water through their wheel could be given the option of a new meter at their own cost. This would potentially sort out those customers who value the system as a high priority agricultural asset. This will see all customers paying the same fee for differing service standards and various comment on potential fairness: caveats on communication.

8.2 Independent submissions to the reset consultation process

Two submissions have been received to date, one from the VFF and one from Mr. Murray Haw, an irrigator in the Loddon Valley area.

The VFF does not comment on the options presented in the consultation process, but concentrates on the process of how the reset will be implemented. The main tenor of the VFF submission is to support the reset of the connections project and, whilst accepting the primary importance of achieving contracted water savings, it argues for maximum benefits and equity for those who are still to be connected. It agrees with extension of the project time frame, but argues that completion of works should be to an adequate standard. The VFF supports the equitable and fair application of statutory powers (part 7a of the *Water Act 1989*) providing it is not used to either disconnect individuals nor to force acceptance of a standard of service that is not fit for purpose. The VFF urges full transparency in the channel assessment process, with results and costings made available to all stakeholders. The VFF requests a clear statement on the extent of works that can be completed with existing funding and an assessment of additional funds required to satisfy remaining shortfalls.

Finally, the VFF notes the importance of improved consultation with users and clients, and commends the rapid solution of legacy cases in both committed and uncommitted works.

Mr. Haw's submission primarily relates to the case for large farmers, situated (through 'geographic history and no fault of their own') on more remote spur channels. He notes (independently) that the stakeholder committee (of which he is a member) has not yet seen cost estimates for the options presented in the community consultation, and argues for estimates of costs to complete the project as "promised" (Option 5). His principle concern relates to the Loddon Valley where spur channels are low loss and therefore likely to have low priority for works under the reset. He argues that this is neither fair nor equitable, given the delays in project implementation, and the formally documented criticisms on project management and expenditure (reviews and Ombudsman's report). In this case fair and equitable means connection to the same standard as those already completed in other districts.

This submission criticises the PCG for a lack of transparency and an agenda to truncate the project as quickly as possible. He states that the Stakeholder Committee has not had sufficient data (including availability of the maps presented in the consultations) to make a proper assessment of options.

9 Other matters

In addition to feedback on the four delivery model options, attendees raised a number of other matters that they believe should be considered as part of the reset. The matters tended to apply to all options. The PCG and CP team will need to consider and discuss these matters with customers and stakeholders when planning and implementing the project. They are discussed below.

Fairness and equity

The need to achieve a fair and equitable outcome for individuals, irrigation areas and the GMID as a whole was possibly the most frequently recurring theme throughout all sessions. Discussion revolved around:

- Recognition that there may be two classes of customers, e.g. those modernised and those not or those receiving improved levels of service and those who won't
- Customers connected early in the project receiving better (more financially generous or providing higher levels of service) offers than remaining customers
- Balancing the needs of individual customers, irrigation areas and the GMID as a whole, e.g. certain options are likely to lead to more investment in some regions at the expense of others. The Loddon Valley was perceived to be an area that wouldn't receive an equitable share of investment because it has a high proportion of long but low loss spur channels.

There was no agreed way of how to achieve a fair and equitable outcome, but some considerations included:

- Tariff – creating two classes of customers, modernised and not modernised, will effect property values and service levels and so it may be argued that differential tariffs should be set to reflect this. Although this argument may not extend to lifestyle properties
- Many smaller users may be happy retaining current infrastructure and levels of service (they may at least keep getting 6% to 8% additional water delivered). In the past many thought they would be dried off or forced to take a D&S service
- Customers not modernised shouldn't be made responsible for paying for replacement or maintenance of unmodernised assets (channels and meters) that for many others will be paid for through the CP (and some noted they don't want to pay the higher associated operation costs resulting from the need to retain bailiff and transport to operate the unmodernised system, whereas modernised customers said they didn't want to subsidise the higher operating costs associated with unmodernised parts of the system through their fees)

- The project is likely to take another four years to complete. Someone will be the last customer to receive a connection.

How the CP is delivered

There was a clear message from attendees that how the project is delivered is just as important as what is delivered. There was much frustration and stress about past performance in delivering the project, especially about the level and quality of communication with customers. The following quote is a good representation about what is required:

> "*Treat us like people and businesses, not like numbers in a computer. We have to know when things are going to happening so we can plan appropriately.*"

It is essential that the reset continues to include improved communication and engagement with customers about:

- The rules guiding decisions about who is modernised, when they will be modernised and the content of modernisation offers (e.g. financial incentives and outlet size)
- Whether a modernisation proposal/offer has been accepted or not and what the basis of the decision was
- What works are to be undertaken, who will being doing the works and when the works will be done
- The basis and processes used to determine water savings, including evidence that savings are 'real' and won't undermine the reliability of entitlements?

Use of statutory powers

It was made clear by PCG members and Connections managers at all sessions that there is likely to be a need for limited use of statutory powers, i.e. where a single landholder is holding up the works of a number of neighbours. Attendees recognised that the use of such powers will probably be necessary for successful delivery of the project, noting the 'precautions' outlined by Primary Agency. For example one person said:

> "*If someone at the end of the channel is being a pain, they should be offered a fair option and if they don't accept we need to continue [by using statutory powers].*"

But a note of caution from another was:

> "*Section 7A is not attractive and ideally shouldn't be required. You need to realise that in some cases there is a lack of people [referring to Connections staff] on the ground with the skills to sort problems out.*"

Delivery share

A number of attendees recognised that dealing with delivery share was important to delivering a sustainable GMID. There are many customers who don't need or want all their delivery shares but either can't afford to retire them, or don't believe they should have to pay to retire them.

Private assets

There was very little support for the transfer of GMW infrastructure to several (groups of) customers to share responsibility for. This especially applied to pipeline infrastructure.

Tariffs and whole of life costs

The final system must be affordable for customers, both in terms of short-term tariffs and whole of life costs.

Who does farm works?

Especially at Pyramid Hill, there was a message that farmers/local contractors could do a better job of on-farm works for much less money. Also there is quite widespread concern about the quality of work done by some contractors. If the project pursues larger works packages, it may want modernisation coordinators to help achieve good communication between contractors and customers.

Another way forward?

Some attendees suggested that a fifth option should be considered. This proposal was discussed during the broader discussions following the roundtable feedback at the evening session in Kerang and at both sessions in Pyramid Hill and Kyabram. It received widespread support at the evening workshop in Kyabram, and the feedback from one of the roundtables at the midday session recommended that the PCG pursue this option. The proposal was described as continuing to roll out the project as planned, which would require additional funding from government.

The option was driven by the view that remaining project funds were insufficient to fully modernise the system and would leave an unaffordable, difficult to operate hybrid system delivering varying levels of service to two classes of customers – the modernised and unmodernised or haves and have nots. But there was not a clear view about what a 'complete project' was although most agreed that meters that are not used shouldn't be modernised and that money should not be spent on upgrading low loss channels (except for automation of regulators and outlets).

PCG members made it clear during workshop sessions that they had sought additional funding from governments and had been told that there was no more money, i.e. the $2 billion allocated to the project was all the money available. Thus it there is no possibility of pursuing this option.

Learn from the past

Another common theme through sessions was to make sure that the reset learns from past mistakes and takes account of changing circumstances. Specific references included:

- Taking notice of what customers have said about spending funds wisely, e.g. there are many domestic and stock customers and small water users that require different solutions
- There is much less water being delivered to the GMID and modernisation of the system must account for this
- Don't replace meters that won't be used
- Don't install large meters where customers only use small volumes of water
- Don't modernise channels that aren't delivering much water
- Make sure that water savings are real or the reliability of entitlements will be undermined
- Deliver fit for purpose solutions, not ones that are over engineered which waste money
- Only use shared public pipelines where it makes sense
- Be prepared to negotiate with landowners to get good outcomes

- Recognise that landowners may be able to do good quality works for less.

10 Conclusions

The clear message was that the roundtable discussions supported the PCG's preference for Option 4 out of the four delivery model options presented. Of those options, it was perceived to be fairer, more flexible, better focused and more likely to provide a good compromise between achieving water savings and creating a sustainable and affordable irrigation system. It was also judged to be the most likely of the four options to deliver critically important improved consultation with customers, especially through one on one conversations, and the greater use of local knowledge.

The four options were only described at a high level and in developing the final delivery model option, the PCG and Connections project staff must take account of feedback received during this and previous rounds of consultation. Most importantly it must be recognised that this consultation program is part of a conversation with landholders that must continue until the project is completed.

Attachment 1 – Sheets used to guide discussions during roundtable sessions

Connections Project reset – Public Consultations

Roundtable feedback form

Date:

Location:

Facilitated session time:

Table number:

Scribe name:

Scope:

The purpose of this session is to seek feedback on the four proposed delivery options.

This feedback will inform the development of the Project Reset Delivery Plan.

Recommendations from the mid-term review, Primary Agency consultation in February and consultation with irrigation, industry and local government since February have informed and shaped the development of these options.

OPTION 1 – CAPTURE WATER SAVINGS FROM CHANNELS THAT HAVE THE HIGHEST POPULATION DENSITY OF PRIMARY PRODUCERS

Benefits

• Core customer base is targeted for expenditure

• Primary Producers will be connected via a modernised system

Considerations

• Only a partially modernised system

• Differences between the modernised and non-modernised customers

• Dependent on reaching voluntary agreements with contingent non primary producer parties which are known to be not supportive of modernisation

• High time and delivery risk with requirement to obtain voluntary agreements

What is your initial response to Option 1?

What do you like about Option 1?

What are the drawbacks of Option 1?

Do you agree with the listed pros and cons for Option 1?

If not, what would you change?

What do you think Option 1 might mean for your local community?

What do you think Option 1 might mean for you?

Other comments

OPTION 2 – TREATING THE METRES OF HIGH USE CUSTOMERS AND CAPTURE WATER SAVINGS FROM HIGH LOSS CHANNELS

Benefits

- Largest users receive benefits of an automated outlet
- Reduced dependence on reaching voluntary agreements, hence high level of delivery confidence
- Time and efficiency savings through larger work packs

Considerations

- Not all new connections
- Differences between the modernised and non-modernised customers
- GMW retain large number of non-backbone channels

What is your initial response to Option 2?

What do you like about Option 2?

What are the drawbacks of Option 2?

Do you agree with the listed pros and cons for Option 2?

If not, what would you change?

What do you think Option 2 might mean for your local community?

What do you think Option 2 might mean for you?

Other comments

OPTION 3 – TREATING ALL METERS AND CAPTURE WATER SAVINGS FROM HIGH LOSS CHANNELS

Benefits

- Majority of customers will receive modernised outlet
- Reduced dependence on reaching voluntary agreements, hence greatest level of delivery confidence
- Time and efficiency savings through larger work packs
- Less risk to time and delivery risk with requirement to obtain voluntary agreements

Considerations

- Capital spend on assets that currently have minimal or no usage
- Higher whole-of-life costs attached to this solution
- No automation on retained channel unless option is further optimised
- GMW retain large number of non-backbone channels

What is your initial response to Option 3?

What do you like about Option 3?

What are the drawbacks of Option 3?

Do you agree with the listed pros and cons for Option 3?

If not, what would you change?

What do you think Option 3 might mean for your local community?

What do you think Option 3 might mean for you?

Other comments

OPTION 4 – EFFICIENCY OPTIMISATION (PREFERRED OPTION FOR COMMUNITY CONSULTATION)

Benefits

- Fit for purpose approach to each channel and associated water savings
- Asset retention and upgrade to our largest water users
- Asset removal where cost effective and customer agreement
- Strategic automation to benefit operational, efficiency and customer outcomes
- Reduced dependence on reaching voluntary agreements for all customers
- Provides flexibility for future requirements

Considerations

- Not all GMW outlets and channels are upgraded
- Differences between the modernised and non-modernised customers
- Medium impact to time and delivery risk with requirement to obtain voluntary agreements

What is your initial response to Option 4?

What do you like about Option 4?

What are the drawbacks of Option 4?

Do you agree with the listed pros and cons for Option 4?

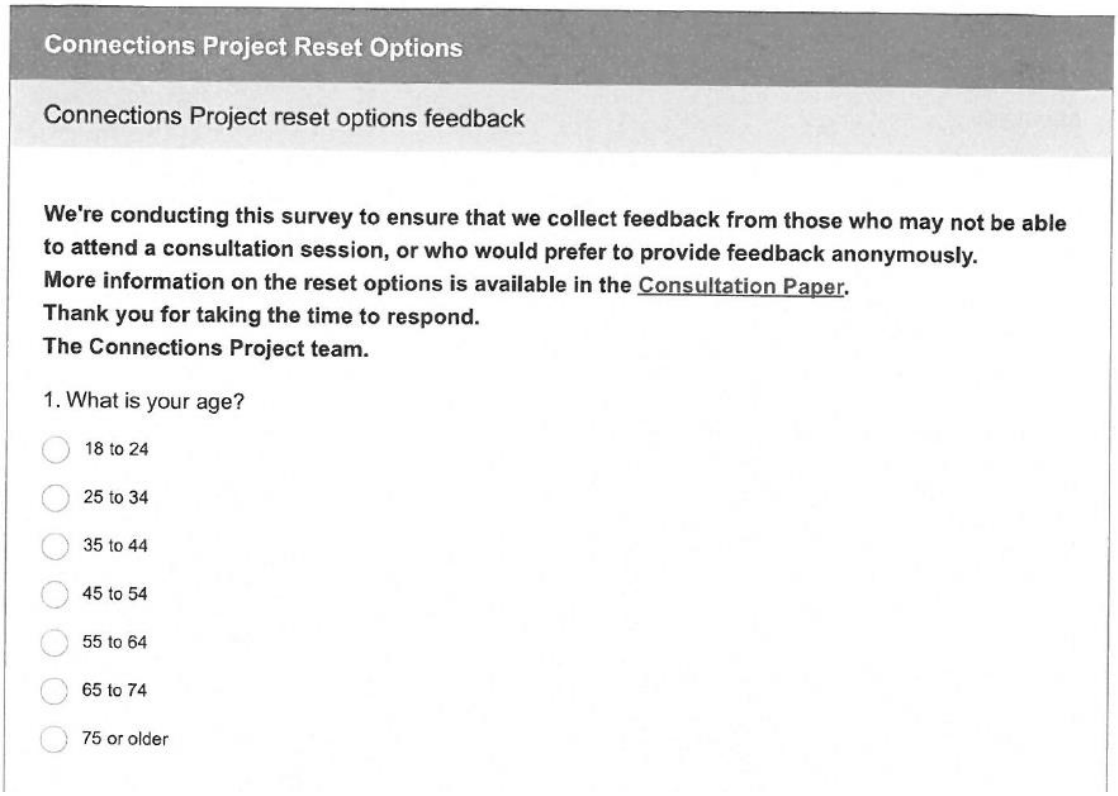
If not, what would you change?

What do you think Option 4 might mean for your local community?

What do you think Option 4 might mean for you?

Other comments

Attachment 2 – Survey sheet



Connections Project Reset Options

Connections Project reset options feedback

We're conducting this survey to ensure that we collect feedback from those who may not be able to attend a consultation session, or who would prefer to provide feedback anonymously.
More information on the reset options is available in the Consultation Paper.
Thank you for taking the time to respond.
The Connections Project team.

1. What is your age?

- 18 to 24
- 25 to 34
- 35 to 44
- 45 to 54
- 55 to 64
- 65 to 74
- 75 or older

Page 1

Connections Project Reset Options

About you

We're interested in some basic information about you, such as which irrigation district you're from. This helps us to understand the issues that are specific to your location.

* 2. Which irrigation area are you from?

* 3. What has been your involvement in the project to date?

- ○ I've received a modernised connection
- ○ I'm in the process of receiving a modernised connection
- ○ I have not received a modernised connection
- ○ I don't know
- ○ Other

Other (please specify)

* 4. What is your main irrigation activity?

- ☐ Dairy farming
- ☐ Horticulture
- ☐ Mixed farming
- ☐ Stock and domestic
- ☐ Other (please specify)

Connections Project Reset Options

Consultation sessions

These questions are about our reset consultation sessions. If you haven't attended a session, you can skip these questions.

5. Have you attended one of our consultation sessions for the project reset options?

- ◯ Yes
- ◯ No

6. If yes, which one did you attend? Select all that apply.

- ☐ Cobram
- ☐ Kerang
- ☐ Echuca
- ☐ Pyramid Hill
- ☐ Kyabram

7. How satisfied were you with the session/s you attended?

Can you tell us why?

Connections Project aims and objectives

On this page we detail the revised set of aims and objectives and high level principles that are guiding the project reset. We'd like you to keep these in mind as we work through the reset options 1 to 4.

The project reset aims and objectives are:

1. Assist irrigation communities in the Goulburn Murray Irrigation District to adapt to reduced water availability and build a sustainable future for productive agriculture.

- Provide services that meet customer needs for flow rates and timing, and are adaptable to meet changes in customer needs.

2. Enhance the environment locally and across the Murray Darling Basin

- Create water savings for environmental use across the Basin.

- Create local environmental benefit by implementing environmental improvement projects (eg. Lowering Little Murray Weir, Kerang Lakes, mitigation water and local environmental flows).

The high level principles to be applied in implementing the project are:

- **The project will work productively with communities to implement the project.**
- **Provision of connections solutions will be prioritised on the basis of their ability to deliver value for money water savings.**
- **Where the value for money water savings criteria is met, priority will be given to connections that support food and fibre productions, regional development, jobs and growth.**
- **Connections standard will be proportional to the needs of the user and fit for purpose.**
- **Where a user seeks a higher standard of service, the user will have to contribute to the cost.**
- **Where urban supply is available to non-commercial users, the continuing requirement for both urban and irrigation supply will need to be justified.**
- **GMW will honour executed landowner agreements that are consistent with these principles or where contractual obligations exist. Contractual arrangements can be withdrawn where mutual agreement has been reached with the landowner.**
- **Statutory tools may be enacted when an agreement cannot be reached in a reasonable timeframe.**
- **Seek to ensure GMW's cost recovery meets operational and whole of life cost needs for the water delivery system.**

8. Do you have any comments on the above aims, objectives and principles?

Connections Project Reset Options

Reset Option 1: Prioritising the connections of primary producers

Option 1 focuses on channels that deliver the highest water savings first and prioritises the connections works on channels that provide the lowest connection cost per primary producer.

* 9. Based on the information you've received on this option, to what extent do you agree or disagree with this option?

- ○ Strongly agree
- ○ Agree
- ○ Neutral
- ○ Disagree
- ○ Strongly disagree

Please explain why you feel this way

Page 5

Connections Project Reset Options

Option 2: Prioritise high water users and high water loss channels

Option 2 delivers automated meters to customers who use the most water. This prioritises customers who use more than 100ML per year (per Water Use License (WUL)). It will also target our region's most inefficient channels – upgrading them to stop them losing water through leakage, seepage and evaporation.

* 10. Based on the information you've received on this option, to what extent do you agree or disagree with this option?

- ○ Strongly agree
- ○ Agree
- ○ Neutral
- ○ Disagree
- ○ Strongly disagree

Please explain why you feel this way

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Connections Project Reset Options

Option 3: Upgrade all meters and prioritise connections works on high water loss channels

Option 3 Option 3 upgrades all meters and then channels in the Goulburn Murray Irrigation District (GMID) that lose the most water.
This ensures the region's channels which are losing the most water each year are remediated or rationalised.
In addition to these much-needed channel upgrades this option will deliver modernised meters to every landowner.

* 11. Based on the information you've received on this option, to what extent do you agree or disagree with this option?

- ◯ Strongly agree
- ◯ Agree
- ◯ Neutral
- ◯ Disagree
- ◯ Strongly disagree

Please explain why you feel this way

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Connections Project Reset Options

Option 4: Prioritise channel-by-channel solution approach

Option 4 differs from Options 1,2 and 3 in that it involves developing a tailored solution for each individual channel within the Goulburn Murray Irrigation District (GMID).
This is essentially a mix of all options applied at the channel level, based on each channel's conditions and attributes.

* 12. Based on the information you've received on this option, to what extent do you agree or disagree with this option?

- ◯ Strongly agree
- ◯ Agree
- ◯ Neutral
- ◯ Disagree
- ◯ Strongly disagree

Please explain why you feel this way

Page 8

Connections Project Reset Options

Your preferred option

Of the four options, which one do you think the Connections Project should investigate further?

* 13. Of the four options, which one do you think the project team should move ahead with?

Other (please specify)

14. Do you have any other comments, questions, or concerns?

15. Would you like us to contact you about your comments?

16. Would you like to receive project updates via email?

Thank you for completing this survey. A summary report of survey feedback as well as feedback collected during the roundtable sessions will be available in July.

Attachment 3 – Delivery model option factsheets

Reset options

Option 1: Prioritise the connections of the region's primary producers

Option 1 prioritises the connections of the region's primary producers. These are the farmers who grow food and fibre for our community.

Irrigators in the Goulburn Murray Irrigation District (GMID) are seen as some of the best in the world – this option ensures they have access to orrigation through modernised connections.

This option focuses on channels that deliver the highest water savings first and prioritises the connections works on channels that provide the lowest connection cost per primary producer.

A commercial primary producer is described by the Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) as an irrigation enterprise generating an irrigated Estimated Value of Agricultural Operations (EVAO) greater than $40,000 per year.

Landowners who do not meet this primary producer category will continue to have access to water for irrigation, however they may not have a modernised connection.

Achieving water savings

Option 1 is expected to deliver 49GL of water savings.

Principles guiding this option

The high level principles most relevant to this option are:

- Provision of connections solutions will be prioritised on the basis of their ability to deliver value for money water savings.
- Where the value for money water savings criteria is met, priority will be given to connections that support food and fibre productions, regional development, jobs and growth.
- Connections standard will be proportional to the needs of the user and fit for purpose.

Considerations for landowners

This option ensures GMW's core customer base is the target for connections and it ensures the region's farmers receive priority.

Not every landowner will see the benefits of automation, but all will benefit from increased efficiencies in the entire system and the completion of a project that ensures no water is lost from the consumptive pool.

This option is largely dependent on reaching voluntary agreements with landowners.

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Reset options

Option 2: Prioritise high water users and high water loss channels

Option 2 delivers automated meters to customers who use the most water. This prioritises customers who use more than 100ML per year (per Water Use License (WUL)).

It will also target our region's most inefficient channels – upgrading them to stop them losing water through leakage, seepage and evaporation.

Targeting these channels will ensure we deliver the required water savings to the Commonwealth.

After high use customers are connected, this option's focus will turn to upgrading channels that experience the greatest water loss – to maximise water savings.

In this option we'll use solutions such as private connections, shared pipelines and channel rationalisation.

Where works occur on a channel where there are some high use water customers, all customers will be connected, but smaller water users will not receive a meter upgrade and will retain their existing asset.

No landowner will be disconnected from their water supply in this option, however, they may not receive modernised connections.

Achieving water savings

This option is expected to deliver 55GL of water savings.

Principles guiding this option

- Provision of connections solutions will be prioritised on the basis of their ability to deliver value for money water savings.
- Where the value for money water savings criteria is met, priority will be given to connections that support food and fibre productions, regional development, jobs and growth.
- Connections standard will be proportional to the needs of the user and fit for purpose.

Considerations for landowners

This option ensures farmers using the most water receive modernised meters. It means they will be able to fully automate their irrigation systems to ensure they're getting water when and where they need it.

This provides countless benefits for farmers. Not only does it reduce irrigation time and allows them to irrigate remotely, they can get water on and off their properties, quickly, effectively and at a rate that best suits their farm's needs.

This option targets those who have high water use, but does not modernise the connections of those with lower water needs.

Reset options

Option 3: Prioritise high water loss channels

Option 3 upgrades all meters and then the channels in the Goulburn Murray Irrigation District (GMID) that lose the most water.

This ensures the region's channels which are losing the most water each year are remediated or rationalised.

In addition to these much-needed channel upgrades this option will deliver modernised meters to every landowner.

This means that every person with access to irrigation water will see the benefits of modernised meters that allow remote access and deliver water when and where it's needed.

This option provides opportunities to rationalise outlets where customers do not wish to maintain the same number of service points.

Achieving water savings

This option is expected to deliver 58GL of water savings.

Principles guiding this option

- Provision of connections solutions will be prioritised on the basis of their ability to deliver value for money water savings.
- Statutory tools may be enacted when an agreement cannot be reached in a reasonable timeframe.

Considerations for landowners

One of the benefits of this option to landowners is reduced delays as the project has less dependence on reaching voluntary agreements.

This will save time and everyone knows what they will get, regardless of their historic water use.

We understand this option may see money spent on assets that have little use. It also means GMW will retain many non-backbone channels, which could create higher whole-of-life costs.

Reset options

Option 4: Prioritise channel-by-channel solution approach

Option 4 differs from Options 1,2 and 3 in that it involves developing a tailored solution for each individual channel within the Goulburn Murray Irrigation District (GMID).

This is essentially a mix of options applied at the channel level, based on each channel's conditions and attributes.

Option 4 provides a balance between delivering the required water savings and maximising the system's efficiency. The requirements of commercial irrigators on each channel would be taken into account when developing each connection solution.

It offers four solutions that include:

- Channel decommissioning with private connections
- In low water loss channels Goulburn Murray Water (GMW) will retain the channel ownership and channel automation and meter upgrades will be delivered
- In medium-high water loss channels, with medium-high water users, GMW will retain the channel and provide remediation, channel automation and meter upgrades
- In areas where there are no effective water savings solutions, GMW will retain the channel ownership and no modernisation will be provided.

The project team has assessed every channel and are now working to determine possible options and the implementation costs.

Channels can then be prioritised by different filters (e.g. by commercial enterprises, high loss/high use channels, by lowest to highest cost per ML of water saved, etc.)

Achieving water savings

This option is expected to deliver between 48 to 55GL of water savings.

Principles guiding this option

The high level principles most relevant to this option are:

- The project will work productively with communities to implement the project.
- Connections standard will be proportional to the needs of the user and fit for purpose.
- Provision of connections solutions will be prioritised on the basis of their ability to deliver value for money water savings.

Considerations for landowners

Option four delivers a fit for purpose approach to each channel, each irrigator and the associated water savings.

It allows for asset retention and upgrades for high water use farmers and at the same time provides the opportunity to reduce assets when cost effective and customers agree.

It's a strategic approach to modernisation – that will benefit our leading farmers who are growing some of the country's best produce.

There are potential impacts on this option for GMW – in that there will be ownership of more assets and this may impact on prices in the future.

It is also expected this option will take longer to deliver, because it requires voluntary agreements and individual solutions.

Attachment 4 – Summary of responses to Options 1, 2 and 3.

Likes	Dislikes	Community impacts
Option 1		
Good for larger users, especially dairy enterprises.	Favours bigger users and results in "losers" (small users have "B grade" status)	It will create tension and confusion and could disadvantage small users
Important to focus on larger users and enterprises.	Seasonal conditions drive actual water use – especially for croppers	"Swiss cheese effect" on the region
Need to protect primary producers and their future	May ignore large primary producers who are clustered with small-scale users	Because of obvious winners and losers could cause conflict between neighbours and within families. Could tip some people over the edge
Hybrid system OK as long as small farmers not left worse off	$40K turnover too low	Limit future development because of removal (no modernisation) of smaller farms, which are the entry point for young farmers
	Difficult to define a primary producer. Similar to Option 2 history of use doesn't reflect future business operations	Fairness comes from at least maintaining the current level of service
	Don't like private assets, which will get with past connections solution mix	The option could result in inequity of spending across regions
	Top down, broad brush approach in Options 1-3 not likely to address variability among customers	
	Means that some primary producers on channels with smaller users will miss out. Every primary producer should have the same opportunity to connect	
	Targeting primary producers could see money spent on channels with little water savings. So won't meet contractual obligations and won't get funding	
Option 2		
Good water savings. So good bang for buck to get 204 GL	Not fair to all users	Concern that larger work packs may disrupt supplies over construction period
Good for larger users	Should have a business based approach – it is not possible or economic to serve everyone	What will happen with the mess left behind? Modernised large users and unmodernised small users
Important to focus on larger	Need more information on D&S impacts	Will there be differential tariffs for

Likes	Dislikes	Community impacts
users and enterprises		Will have modernised and non-modernised customers? Note: this is common to all options
Fair – everyone gets a fair go	Can't think of an equitable way to decide on ML/y usage as a priority measure	Shared infrastructure not favoured, potential for conflict among community
Good to only upgrade meters that have been used but (see problems with history of use)	Three year history of use too short. Many complicating factors affect use such as recent property purchase, illness, water price, weather, and might lose a connection for someone who wants to expand DS preferred by some	Loddon Valley misses out as doesn't have high loss channels. Although does have large water users
Small users okay as long as access to water is maintained.	Difficult to determine appropriate use limit.	Focus on high use will go against supporting young farmers who have to start small and grow
Straight forward and easy to understand	Too narrow a focus to determine priority	Haves and have nots could cause tension in the community
	Wastes money on some outlets and channels that don't need upgrading	
	Results in differential (and unfair) levels of service	
	Automation and improved service not assured	
	Inequity in service and tariffs	
	Higher Whole of life costs as have old infrastructure not treated and will need bailiffs to service old meters	
	Incomplete solution	
Option 3		
Potentially fair to all outlet owners	Wasteful, especially in cases where outlets are not used and there is no delivery share held	Without a fully automated system, benefit (in terms of service standard) will not reach all users
	Does not result in a fully automated system (if offtakes are prioritised over channels and regulation)	
	High whole of life costs relative to low and have less durable water savings	