



OFF-FARM EFFICIENCY PROGRAM

Murrumbidgee Irrigation Automation Finalisation

Statement of Reasons

November 2021



Published by NSW Department of Planning, Industry and Environment

dpie.nsw.gov.au

Title: Murrumbidgee Irrigation Automation Finalisation

More information

www.water.dpie.nsw.gov.au/water-infrastructure-nsw/off-farm-efficiency-program

Email: winsw.programs@dpie.nsw.gov.au

Acknowledgements

The Off-Farm Efficiency Program is funded by the Australian Government.

© State of New South Wales through Department of Planning, Industry and Environment 2021. You may copy, distribute, display, download and otherwise freely deal with this publication for any purpose provided you attribute the Department of Planning, Industry and Environment as the owner. However, you must obtain permission if you wish to charge others for access to the publication (other than at cost); include the publication in advertising or a product for sale; modify the publication; or republish the publication on a website. You may freely link to the publication on a departmental website.

Disclaimer: The information contained in this publication is based on knowledge and understanding at the time of writing (November 2021) and may not be accurate, current or complete. The State of New South Wales (including the NSW Department of Planning, Industry and Environment), the author and the publisher take no responsibility, and will accept no liability, for the accuracy, currency, reliability or correctness of any information included in the document (including material provided by third parties). Readers should make their own inquiries and rely on their own advice when making decisions related to material contained in this publication.

Acknowledgment of Country

The Department of Planning, Industry and Environment acknowledges the Traditional Owners and Custodians of the land on which we live and work and pays respect to Elders past, present and future.

Contents

Project Details	1
Project Summary.....	1
NSW Decision	1
Summary of Key Steps.....	1
Reasons for the Decision	2
Impacts on the region	2
Impact on water markets.....	3
Value for money.....	3
Community and industry engagement.....	3
First Nation engagement and benefits.....	4
Environmental Effects	4
Next steps	4
Further information	4

Project Details

Key information	
Project name	Murrumbidgee Irrigation Automation Finalisation
Location	Murrumbidgee Irrigation Area
Proponent	Murrumbidgee Irrigation Ltd
Commonwealth funding sought	\$124 million
Water recovery for the environment	6250 ML

Project Summary

The Murrumbidgee Irrigation Automation Finalisation project proposes to modernise the Murrumbidgee Irrigation Area (MIA) by completing the automation of the control structures, replacing and converting the metered outlets, refurbishing and piping the remaining open channels, and constructing the Roaches Surge Reservoir.

Finalising these works will improve water delivery efficiencies and increase delivery performance to ensure that the proponent and its network meet industry demands and enable regional agribusinesses to maximise their potential for sustainable production. The proposed project is also an investment in regional communities that will create local opportunities, increase water security for towns in times of drought and deliver water for the environment. This will contribute to sustaining a resilient community that is well-adapted and able to thrive in a water-constrained future.

NSW Decision

The NSW Government has determined that this project meets the socio-economic test and will deliver water to the environment through efficiency gains from eligible activities.

The NSW Off-farm Efficiency Program Expert Panel reviewed the project against the socio-economic criteria that were agreed by the Murray-Darling Basin Ministerial Council and determined that this project would deliver a net neutral to positive socio-economic outcome.

Summary of Key Steps

The NSW Government worked with Murrumbidgee Irrigation between August to October 2021 to develop a project proposal for the Murrumbidgee Irrigation Automation Finalisation project.

The proposal was advertised for public comment on the Water Infrastructure NSW website for 14 days (20 September – 3 October 2021). The What We Heard report summarises the public feedback and will be made available on the Water Infrastructure NSW website in November 2021.

The Off-farm Efficiency Program Expert Panel (the panel) reviewed the project proposal in October 2021. The panel includes water experts from the Department of Planning, Industry and Environment, experts in socio-economic analysis both from within the NSW Government and an

independent advisor, as well as an independent probity advisor. These experts considered the following when making its recommendation:

- Information prepared by Murrumbidgee Irrigation and NSW Government
- Public feedback on the expected socio-economic outcomes of the project, detailed in the 'What We Heard' report
- Economic impact modelling and cost benefit analysis.

The panel endorsed this Statement of Reasons and approved the proposal to be submitted to the Australian Government in late October 2021.

Reasons for the Decision

Impacts on the region

The completed automation of Murrumbidgee Irrigation's (MI) network will support agricultural production, the regional economy, and the environment. It will also improve the efficiency of the water network, increase the ability for MI to meet customer demands (i.e. ensure water is available when it is needed) and ensure water consumption is accurately measured. Automation will reduce MI's operational costs and ensure a safer workplace through reducing travel and eliminating manual handling.

Roaches Reservoir will also increase water supply security which will enable regional resilience and growth, facilitating development of new industries and ensuring a secure water supply to towns in times of drought.

The project will create value for the MI network and broader benefits for the region, its farmers and the community by:

- significantly increasing customer service levels and system capacity through precise water control and delivery throughout the supply network
- linking to on-farm efficiencies for higher overall irrigation efficiency from river to paddock
- providing accurate metering to ensure fair accounting of water extractions from the network
- increasing regional productivity through water use efficiency and supporting further agriculture development
- providing further security of water supply to towns and industry
- investing in regional communities through using local contractors during construction, and
- further enhancing delivery efficiency through having a fully automated network.

The district will benefit short-term through employment opportunities. The Murrumbidgee Irrigation Automation Finalisation proposal suggests up to 100 jobs would be created during construction. This is supported by the economic modelling Water Infrastructure NSW completed which suggests a direct increase of 132 jobs and \$10m in wages and salaries, and subsequent benefits within the Leeton and Griffith areas of 92 jobs and \$7.3m in wages.

The district will benefit long-term through:

- productivity gains (increased yield per ML)
- increased water security providing farmers with greater confidence to invest in crop plantings
- delivery of water when it is required reducing losses
- additional agricultural development leading to increased economic activity and income in the region, and

- increased demand for downstream processing facilities.

Most importantly, finalising the modernisation activities will support the communities of the Murrumbidgee Irrigation Area by establishing a robust network in a future with less water.

The panel considered the potential impacts and effects on the wider State and Murray Darling Basin areas. They noted that direct impacts outside the regional area are limited given the project does not impact on water markets, however secondary impacts may eventuate where the automation of the MIA provides a competitive advantage to the district.

Impact on water markets

Water savings are generated by reducing conveyance losses across the MI network. Water is not removed from the consumptive pool, therefore there will be no water reductions or increases to either traded or regulated water prices.

Value for money

The public comment process raised concerns regarding the value for money of this proposal. To inform the panel's review, Water Infrastructure NSW commissioned economic impact modelling and a Cost Benefit Analysis (CBA).

The modelling investigated the direct impact of the project to the local areas of Leeton and Griffith and suggests that direct and flow on impacts of procurement and employment will result in a positive economic outcome for the region.

An independent CBA was conducted at both the State and National scale and concluded that the project has a net benefit to NSW and Australia.

The panel noted the CBA considered benefits to production, but it did not include benefits to the community from increased water security and reliability from the Roaches Surge Reservoir. Therefore, these additional benefits would increase an already positive benefit cost ratio.

The panel also concluded that the project has a net positive economic benefit. The project is considered value for money, noting that the Australian Government will also consider value for money in its assessment.

Community and industry engagement

The project was scoped following extensive consultation with customers, the local community, and Regional and State representatives. Stakeholders engaged included MI customers, local Councils, State Government departments, Australian Government departments, the Local Aboriginal Land Council, regional contractors and supplies. The Environmental Impact Statement (EIS) for Roaches Surge Reservoir detailed the consultation undertaken to satisfy the Secretary's Environmental Assessment Requirements (SEARS).

Leeton Shire Council also publicly exhibited the EIS for Roaches Surge Reservoir as part of the planning approval process. No submissions were received.

The project's response to the socio-economic criteria was advertised for 14 days (20 September – 3 October 2021) on the [NSW website](#). The What We Heard report summarises the public feedback, noting:

- A total of 13 submissions were received as part of the public comment process, of which 62 per cent of respondents agreed or strongly agreed that the project would result in neutral or positive socio-economic outcomes, with 23 per cent strongly disagreeing. All respondents who identified as irrigators within the MIA strongly agreed

- Key concerns about the project centred around value for money, validity of water savings, project design and the effect of the project on the river operations
- There was support for improved infrastructure that enabled targeted and more efficient use of water, leading to production benefits and creating the potential for producers to expand their businesses due to improved use of existing water and greater water security, along with the flow on benefits to local communities.

First Nation engagement and benefits

MI engaged with the Leeton Local Aboriginal Land Council (LALC) to ensure preservation of cultural heritage artefacts and sites, and to further understand the cultural history within the area. The Leeton LALC assisted with developing the Aboriginal Cultural Heritage Assessment report and associated Aboriginal Heritage Impact Permit (AHIP). Leeton LALC will assist with implementing the Aboriginal Heritage Impact Permit requirements and reviewing its performance. The Aboriginal Cultural Heritage Assessment was undertaken by Cultural Heritage Management Australia for the Roaches Surge Reservoir EIS.

The panel noted that the NSW Government values the economic, social and cultural contribution of the Aboriginal and Torres Strait Islander peoples and recommended that the funding agreement with MI should include a requirement to provide an Aboriginal Procurement Policy as part of MI's overall procurement strategy.

Environmental Effects

All activities will be undertaken within the MI system, not on-river, and will not negatively affect river health or environmental watering events. The proposal will result in more water for the environment which will positively impact river health.

The Roaches Surge Reservoir will complement high flow events as MI will be able to disconnect from the river and meet supply demands internally. This assists the river to achieve the high flow rates required for environmental flow events and river health.

Next steps

The Murrumbidgee Irrigation Automation Finalisation project proposal has been submitted to the Australian Government. The Australian Government is assessing the application and will make a recommendation to the Minister for Resources and Water on whether to provide funding for the project.

Further information

For further information regarding the Off-farm Efficiency Program please visit water.dpie.nsw.gov.au/water-infrastructure-nsw or contact Water Infrastructure NSW via:

- Email: winsw.programs@dpie.nsw.gov.au
- Phone: 1300 081 047