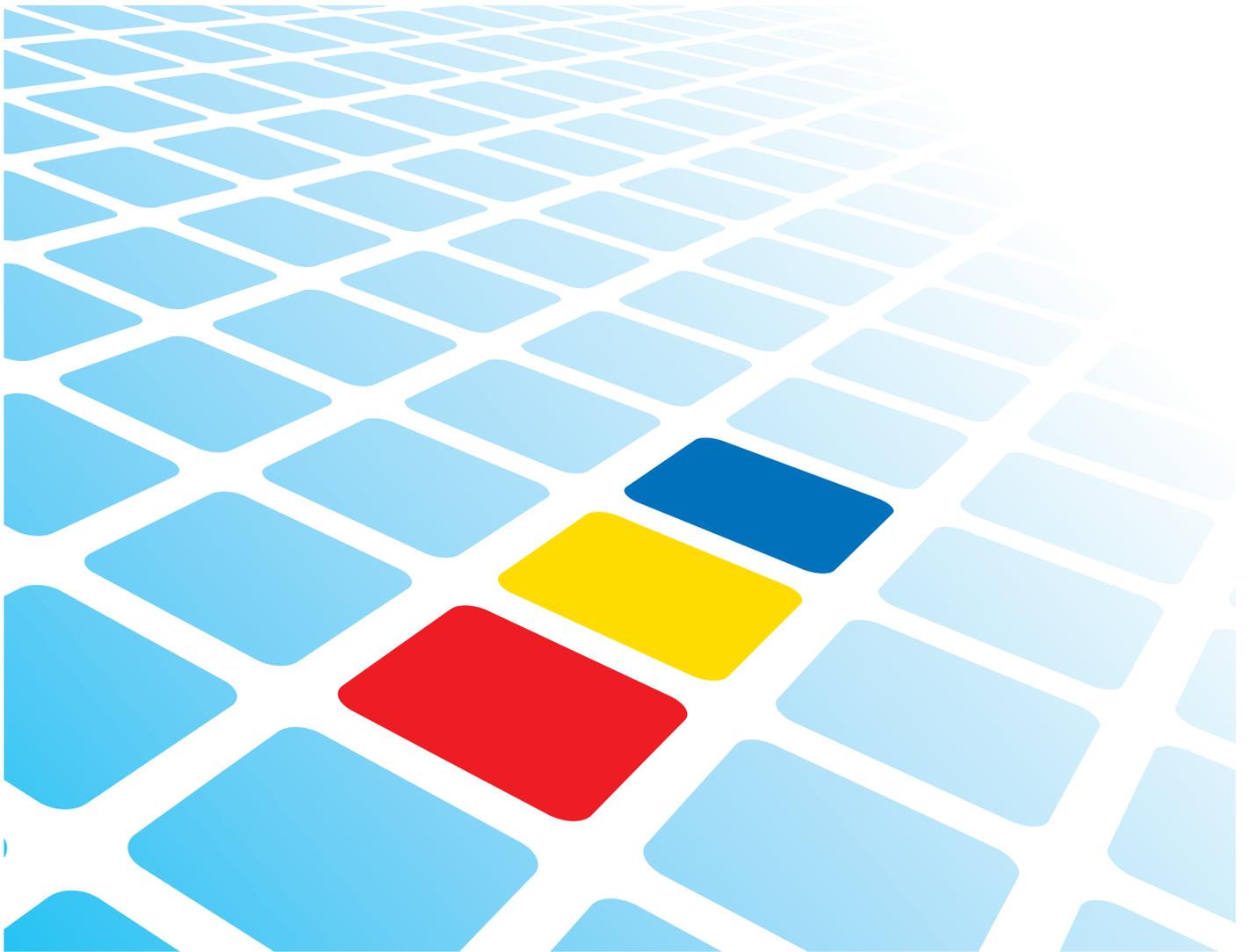


Report on the Community and Stakeholder Engagement for the GMW Connections Project Reset



Prepared by
The Primary Agency
February 2016

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Author's note:

Participation in the engagement task was excellent. Community and all stakeholders provided feedback of value to any reset of the GMW Connections Project. Input from GMW staff, Catchment Management Authorities and the Regional Water Corporations was extensive and often technical; this has been provided directly to the Minister's Independent Advisor to the Project who is directly responsible for facilitating the resetting of the Project. While this is not directly reported in this Report, reference is made to this feedback.

Foreword

In approaching this task, The Primary Agency has maintained a disinterested and independent stance regarding the GMW Connections Project in northern Victoria, making no claim to be qualified in water or water management.

The Primary Agency has, however, extensive experience of engaging rural and regional communities and has well developed methodologies for understanding community and stakeholder views.

Central to our approach is the notion that to genuinely engage you need to genuinely care for, and respect, the views of the community and all stakeholders.

Our style of engagement allows for open and extensive consultation which leads to a better understanding of community views and the rationale underpinning those views.

Our task was to carefully listen and faithfully record all views expressed and distil them into a report that is useful for decision makers. This is that report.

It was noteworthy that everyone involved presented their views freely and genuinely, and all with the hope that completing the Connections Project will contribute to a legacy that future generations living in the Goulburn Murray Irrigation District will appreciate.



Mick Maguire
Managing Director
The Primary Agency

The team

The consultation process was extensive and involved many members of The Primary Agency team. Noteworthy for their contribution to the success of the engagement are:

Dr Bill Callaghan
Ms Jill Chapman
Mr Geoff Chapman
Mr Luke Corcoran
Mr Ross Davies
Ms Suzanne Ewart
Ms Margie Read Flavell
Mr David Fleming
Mr Mark McDonald
Mr John Naughtin
Mr Des Williams

The Primary Agency contact:
Ms Margie Read Flavell
email: tpa@theprimaryagency.com

Contents

Executive summary

- Consideration of the options in the mid-term review
- Consideration of the possible planning priorities
- Management and communication issues
 - Management of the Connections Project
 - Communications for the Connections Project
- Considerations for project implementation

Report on the community and stakeholder engagement

- 1.0 Overview of community and stakeholder engagement
 - 1.1 Engagement objectives
 - 1.2 Engagement methodology and timing
 - 1.3 Reporting approach and layout
- 2.0 Community feedback on the GMW Connections Project reset
- 3.0 Water Services Committees
- 4.0 Local government
- 5.0 Agriculture industries
- 6.0 Farm designers and contractors
- 7.0 Customers with completed modernisation works
- 8.0 Conclusions

Appendices

- Appendix 1 – Engagement schedule
- Appendix 2 – Discussion frameworks
- Appendix 3 – Indicative quotes from community feedback
- Appendix 4 – Indicative quotes from local government
- Appendix 5 – Indicative quotes from farm designers and contractors
- Appendix 6 – Indicative quotes from customers with completed modernisation works

Executive summary

Goulburn-Murray Water (GMW) and the State Government of Victoria commissioned The Primary Agency to undertake a two-part community and stakeholder engagement following completion of the mid-term review of the GMW Connections Project in 2015¹, which argued that a major reset of the Project was required and suggested seven options for doing so.

Using a series of open days and meetings, customer and stakeholder opinions were sought on these seven options and on the extent to which a shared view on future delivery of the Connections Project was possible within the community.

In addition, customer and stakeholder opinion was sought on eight possible planning priorities being considered for use in future Connections project planning.

The insights gathered were then 'tested' in a second series of meetings.

A wide range of other opinion on issues related to the Project was offered throughout the engagement.

Participation in the engagement task was excellent. However, the views of the community and stakeholders involved cannot be considered fully representative or complete as this was a qualitative exercise and participants were not randomly recruited.

Input from GMW staff, Catchment Management Authorities and the Regional Water Corporations was extensive and often technical, and this has been provided directly to the Minister's Independent Advisor to the Project, who is directly responsible for facilitating the resetting of the Project. As such, this is not directly reported in this document.

Consideration of the options in the mid-term review

Two of the options attracted virtually no support whatsoever, *do nothing to change the Project or abandon the Project*. The fundamental importance of the connections project to the economic future of the GMID was well recognised, notwithstanding concerns about project delivery.

Customers actually connected to the new system were pleased with the water efficiency benefits delivered.

There was support for *increasing the duration of the Project*, and a recognition that this is essential, notwithstanding frustration over excessive times to connection.

There was ready support for *increasing the Project budget*, but less recognition that the Commonwealth was funding water savings as the policy objective and not primarily the modernisation and expansion of irrigated agriculture.

All parties expressed a range of views for and against the use of *compulsory reconfiguration powers*, with most supporting its use with some reservations. There were mixed views also on *outsourcing all or part of the Project*. And, there was limited understanding on the need to *change the policy framework* to clarify the Project aims.

The main element of a shared view on future delivery of the connections program is that it should happen as quickly as possible. It is probably more important that the irrigation community understand clearly what is happening on delivery than that they necessarily agree on all elements of delivery.

¹ Department of Agriculture and Water Resources, Goulburn-Murray Water Connections Project Stage 2 – Mid Term Review, Canberra, 2015.

Consideration of the possible planning priorities

There was a mixed response to the suggestions on a potential reset to the policy framework for Connections Project planning, reflecting variable levels of understanding in this area. However, most people supported establishing, and communicating, a clear set of 'rules' for connections within the Project.

There was a majority in support of connection solutions being prioritised on the basis of their ability to deliver *value-for-money water savings*, in recognition of the Commonwealth's priority in funding the scheme. However, many continue to see the expansion and profitability of irrigated agricultural production as a far more important basis for funding priorities.

The suggestion that *priority be given to connections that support food and fibre production, regional development, jobs and growth* received wide support in principle but the definition of what constituted commercial food and fibre production proved to be controversial.

The planning priority that *connections standards be proportional to the needs of the user as determined by historic water use* had some support, but there were reservations amongst those customers planning to expand agricultural output who were concerned about future water availability. Similarly, the proposition that higher service levels might be achieved through co-contribution, while acknowledged, served only to raise concerns about the quantum of monies that this might incur.

The community and stakeholder comments in this report reveal that many people in the GMID are not fully aware of the implications of average deliveries of irrigation water falling from historic levels of greater than 2000 GL/year to about 1400 GL/year currently, and probably to around 1200 GL/year in the longer term. The consequence of this fall in the volume of water delivered is that delivery share is no longer a reliable reflection of future infrastructure needs.

There were also concerns among customers that historic water use gave poor outcomes in situations where there had been recent sales of water hence lower levels of current demand compared to demand in previous years of higher water availability. Small landholders indicated concerns about receiving a reduced level of service under this guideline.

Many also stated that delivery share should be the primary basis for connection.

The priority to use statutory *reconfiguration powers* where a landholder fails to reach an agreement was generally supported with some reservations. Many added the caveat: providing the negotiations prior had been fair and reasonable.

The other criteria covering *urban supply, leaving existing infrastructure in some situations, honouring existing commitments, and ensuring a more sustainable irrigation delivery* were all supported.

Management and communication issues

There are a range of other management and communication issues which were raised repeatedly in customer and stakeholder group consultation.

Management of the Connections Project

Many of the assumptions on which the original modernisation Connections Project was based in 2010 turned out to be incorrect by the time the Project effectively commenced in 2012, including a key assumption that up to 40% of customers would choose to change their farming operation and receive a lower level of service (e.g. Stock & Domestic supply), with compensation paid as part of the connections program.

It was also anticipated that farmers would join syndicates to own and privately manage a shared piped supply from the backbone.

Over time it became apparent that the scope of the Project had to change under the current environmental conditions and that the Project could not sustain the initial high cost of connections. With this came an evolving set of assumptions and rules that have been applied to customers, often retrospectively, causing frustration, delay and failed attempts to reach agreement extending over many years. Customers found this a particularly unsatisfactory situation.

Connection concepts have often been prepared and even designed for use with Strategic Connection Projects with little customer engagement at the concept stages, thus failing to capture local knowledge or appreciation of customer expectations of levels of service. GMW staff expressed a similar view. This has resulted in many irrigators – and staff – becoming disillusioned with the Project.

Changing guidelines were a major cause of connections design proposals failing to meet customer expectations. In some instances this has led to connections proposals being reworked four or five times or more with consequent delays extending over years.

Modernisation co-ordinators (modcos) have the role of engaging effectively with individual customers and facilitating service connections, however these efforts were significantly impacted by changing guidelines and some modcos being perceived to lack the first-hand irrigation knowledge necessary to undertake this role effectively.

The emotional and other costs of the Project for some are seen as very high. These are in the form of not just productive farming losses and opportunity costs associated with their farm not being modernised, but also the impact on morale in the wider community, including some GMW staff.

There are anecdotal stories of inappropriate connection solutions being provided, with many subsequently replaced, but the bigger picture is that connected customers are generally very pleased with the outcome and the modernised water delivery connection and water efficiency benefits they had also experienced on farm. They had no doubt about the need for, and value of, the Project.

There have been doubts in industry circles about whether the required water savings from the Connections Project overall will be achieved, but there is a developing view amongst technical experts that the levels of irrigation delivery efficiency now being achieved will be sufficient to provide the required water savings.

Communications for the Connections Project

Water Services Committees (WSCs) are frustrated at the lack of information about the progress of the Project to-date, as well as what the Project is expected to look like for each irrigation district and the wider GMID.

Local government has similar concerns about the lack of knowledge of the progress of connections in their respective shires; all share an expectation of greater alignment with asset management and work plans within each shire.

The community generally feel uncertain about what is currently going on and that they have not been kept informed.

They also feel that GMW has not listened to people on-the-ground enough. The point was made by irrigators many times that they were not listened to or involved in the plan and they felt ignored.

There is marked concern that the future delivery of the Project will see some customers with modernised connections and some not.

There is also concern as to what this will mean in terms of water delivery services and charges overall; as well as charges for traditional users compared to those with modernised connections.

For the majority, this is contrary to expectations created at the start of the modernisation project. It is recognised that tough decisions about future connections and levels of service will need to be made, but there is a sense that yet-to-be-connected irrigators have been 'let down' by the Project.

In addition to project level communication, a major communication effort is required to raise awareness of broader issues like the extent of the 'dry-off' in the GMID; the consequences of not adjusting GMW's infrastructure to reflect this dry-off on future water prices; the consequences of not delivering the Connections Project within budget; recent changes to the approach to delivering the Connections Project, and other related issues. In total this would represent a very significant upgrade to the current communication effort within, and for, the Connections Project.

Considerations for project implementation

The stakeholder engagement study has emphasised that while there is strong support for a modernised irrigation water delivery system and good water efficiency benefits have been delivered to connected customers, there is widespread disillusionment amongst water users with the management of the project by GMW, and the lack of communication about progress on the project to-date.

The following is a list of changes that government might consider in resetting the Project. This list is drawn from discussions with community and stakeholders through the engagement process and from the observations contained in the conclusions section of this report.

Consideration 1

Establish and articulate what success looks like for the reset Connections Project across the GMID and hence what this will mean for each district and customers, so that the project is considered consistent, fair and equitable.

Consideration 2

Make integration of local knowledge (including GMW staff knowledge) an essential component of preliminary SCP planning so as to ensure innovative, smart and fit-for-purpose connections for each water district and for customers.

Consideration 3

Ensure the learnings from the project are effectively integrated into the reset project to ensure effective leadership focussed on successful, streamlined outcomes for the project.

Consideration 4

Comprehensively overhaul the project governance, planning and procurement delivery model to ensure critical project management accountability and delivery of competitive, cost effective and timely solutions.

Consideration 5

Establish a broad base of connections assessment criteria for the Project to ensure that the current and future needs of water users in the GMID are met.

Consideration 6

Provide a new model for customer engagement in connections planning and delivery within and across SCP's which begins at the concept stage and provides greater delivery certainty for every customer.

Consideration 7

Provide clear and published connection 'guidelines' or 'rules' for the reset project for customers, staff and service providers.

Consideration 8

Define connection service standards for all customers based on the published guidelines for modernised upgrades, as well as providing service clarity to those areas that may not be modernised.

Consideration 9

Review and assess logical modernised backbone extension(s) with minimal upgrades, where modernised connections to the backbone are not viable, especially in areas that offer delivery efficiency, scale and opportunity for future irrigation development.

Consideration 10

Implement private and public connection syndication particularly for D&S customers.

Consideration 11

Expedite the current decision making process by utilising regulatory tools available under the Water Act (such as compulsory reconfiguration), once new connections guidelines have been communicated and applied fairly.

Consideration 12

Initiate a longer-term, state-wide review of the delivery share model and its application across the GMID and other irrigation districts, whilst addressing the reset Connections Project's level of service issues.

Consideration 13

Develop and implement a sophisticated, modern communication and engagement program to regain the trust and confidence in the project and to underpin individual and family business decisions for customers and stakeholders.

Report on the community and stakeholder engagement

1.0. Overview of community and stakeholder engagement

This report is the result of the community and stakeholder engagement for the GMW Connections Project following the completion of the mid-term review of the Project (currently scheduled to be completed by mid-2018). This mid-term review, conducted by GHD, was scheduled at the commencement of the modernisation project.

The mid-term review by GHD indicated that some significant decisions are required to 'reset' the Connections Project to ensure its chances of successful completion. It outlined seven options for the Project as it moves forward into its second phase. The review concluded that the Project needed to be reset and provided that options as considerations for the way forward.

Given the significance of the Project to the Goulburn-Murray Irrigation District (GMID) it was appropriate that customers and stakeholders were given the opportunity to share and express their views about which option, or spectrum of options, is best likely to meet their expectations. It was also appropriate that a number of possible planning priorities that might be considered in future strategic planning by GMW, be explored.

In acknowledging the need to reframe, or reset, the Project it is recognised that a common and shared view across the GMID community, based on changes to circumstances since the Project's inception and future aspirations, is desirable. This would enable GMW to move forward in a manner that develops a shared view of the future delivery of the connections program. The engagement project is envisaged as laying the foundations for this to occur.

The Primary Agency was commissioned to undertake the engagement with community and stakeholders to seek their views. It undertook a two-part engagement approach designed, firstly, to capture community and stakeholder perceptions and expectations of the seven options and the possible planning priorities, as they relate to the Project and then, secondly, provide a forum for testing the insights distilled from the community and stakeholder input.

In the first part of the engagement, the aim was to listen carefully and understand the views being expressed. To achieve this, six Open Day sessions were conducted at Numurkah, Shepparton, Kyabram, Rochester, Kerang and Boort. Just over 150 community members attended reflecting a range of backgrounds and interests but primarily those who had not yet received a modernised connection.

In addition, meetings and discussions occurred with representatives of the six Water Services Committees; meetings were held with representatives of the six Shires; there were six meetings and discussions with agriculture industry bodies; meetings and discussions with the Catchment Management Authorities (2) and Regional Water Corporations (2); nine staff feedback sessions; a meeting with each of the Farm Designers Panel and the Contractors Panel; a meeting with Independent Value Engineering Panel (IVEP); and, discussions with regional identities with strong and passionate views about the Connections Project. Twenty discussions were also held with water users who had successfully completed their connection on at least one of their properties.

The second part of the engagement was used to test that what we believe we heard was actually what we had been told. As explained to participants in the open day process, this was done for the community by meeting with small groups of those who had attended the open days.

These follow-up sessions were held in Numurkah, Kyabram, Rochester, Kerang, and Boort. In addition to these five community sessions, a further four sessions were held with local government and a combined meeting of WSC Chairs and Deputies was called where The Primary Agency 'tested' what it had heard.

This report summarises the feedback from all of these sessions.

1.1. Engagement objectives

The engagement program was initiated as a result of the mid-term review by GHD which identified the need for a new or 'reset' plan for the future.

The overall objective of the engagement exercise was to capture the views of stakeholders and identify the GMID community issues involved in completing the Connections Project in the future.

The specific objectives for the main community stakeholder group were to explore opinions in two key areas: the options for the future and some of the possible planning priorities that might be needed to reset the Project.

1.1.1. The options to be explored

The review by GHD had outlined seven options that needed to be considered for the future. These were:

Option 1: Do nothing to change the Project.
Option 2: Increase duration of the Project.
Option 3: Increase the Project budget.
Option 4: More effective use of compulsory reconfiguration powers.
Option 5: Outsource all or part of the Project.
Option 6: Change the GMWCP2 policy framework to clarify the Project aims.
Option 7: Abandon the Project.

1.1.2. Potential reset project planning priorities

In reframing, or resetting the Project, there needs to be a common and shared view across the GMID community, based on changes to circumstances since the Project's inception. A number of possible project planning priorities might be used in future Connections Project planning and these were explored. These priorities included:

1. Provision of connections solutions will be <u>prioritised on the basis of their ability to deliver value for money water savings.</u>
2. Where the value for money water savings criteria is met, <u>priority will be given to connections that support food and fibre production, regional development, jobs and growth.</u>
3. Connections standards will be proportional to the <u>needs of the user as determined by historic use</u> and where the user seeks a higher standard of service, the user will have to contribute to the cost.
4. Where urban supply is available to non-commercial users, the continuing requirement for both urban and irrigation supply will need to be justified.
5. In some circumstances, the <u>most viable solution will be to leave existing infrastructure and supply arrangements in place.</u>
6. GMW will honour existing <u>agreements that are consistent with the above or where contractual obligations exist.</u> Contractual agreements can be withdrawn where mutual agreement has been reached with the landowner.
7. <u>Statutory reconfiguration powers would be used where a landowner fails to reach an agreement within a reasonable timeframe.</u>
8. The delivery of the Connections Project must <u>ensure a more sustainable</u> irrigation delivery.

1.1.3. Engagement study objectives for other stakeholders

Generally, some context and a summary of the findings had to be provided for the community stakeholders in the engagement exercise. Other stakeholders were more closely involved and familiar with the Connections Project and the GHD review report findings.

For these stakeholders, whilst the overall objective was the same, the approach to obtaining their views and input varied. Since they were generally familiar with the issues and future challenges of the Connections Project reset, less directed discussion provided the feedback. Thus, the discussion frameworks for the different stakeholder groups was adapted according to their nature. The discussion guides are outlined later in this report.

1.1.4. Engagement philosophy

The Primary Agency's approach to engagement involves a research philosophy based on two principles: the first, is maintaining a disposition of *disinterest*; the second, is being perceived as *independent*.

Being *disinterested* does not mean we are not interested, it means we do not have a position or stance regarding the issue upon which we are engaging. This allows us to genuinely hear what we are being told and to form a relationship with stakeholders and the community that is fundamental to them staying committed to, and supportive of, the engagement process.

Similarly, **being *independent*** allows us to form relationships with the community and stakeholders that are complementary to those of our client organisations. This independent stance as an '*independent facilitator*' role maintains the commitment of all stakeholders. Not being aligned to, or part of, any large engineering or construction firm allows The Primary Agency to take this stance with authenticity. This stance will assist GMW in its aspirations for a fully transparent process.

1.2 Engagement methodology and timing

The methodology used for the community stakeholders was open days or public forums. Consultation with other stakeholders was conducted with small groups and in some cases individual interviews.

As noted, this project was conducted in two stages. In the first stage, community and other stakeholder perceptions and expectations of the Connections Project reset issues provided in the GHD review report were captured. In the second stage, the preliminary observations of the engagement team were tested and refined by taking the insights distilled back to the community and other stakeholders in a second round of meetings. These engagement meetings and interviews took place over December 2015 and January 2016.

1.2.1. Who was involved and the nature of the contact

The community and stakeholders involved a range of stakeholders but cannot be considered fully representative and complete since this was a qualitative exercise and participants were not randomly recruited. This limitation is usual in engagement studies but is made special note of here because there is expected to be a specific bias in the community stakeholder group where those irrigators who have completed modernisation work undertaken, are unlikely to have been involved in the open days or made a specific contribution to the discussion about resetting the Connections Project. It would have had little relevance to them. There were a small number of customers interviewed about their modernisation experience to compensate for this in part. However, this does not make the engagement participants representative and the issues discussed were necessarily different.

In a similar way the GMW staff cannot be considered representative of GMW. The views and insights from this group could be assumed to be those more directly involved in the Connections Project.

Confidentiality is assured to participants involved in The Primary Agency engagement process and for this reason the identity of some stakeholders cannot be divulged. Also, in reporting we are not representing the views of any single stakeholder but rather identifying themes or issues raised by several.

The stakeholders and open day locations and dates where the first and second stages of the engagement study were conducted are given in Appendix 1. The engagement meeting type and location are indicated.

The contact meeting types included:

- Open days
- Small group meetings
- Interviews with individuals – face to face and by telephone

On several occasions the stakeholder contact was followed up by emails from the stakeholder with additional input and information.

1.2.2. Discussion frameworks

In the engagement meetings several discussion guides were used, firstly for the initial stage and then for the second stage where insights were tested to confirm and refine them if possible. As noted the approach varied by stakeholder groups.

The core discussion frameworks are given in Appendix 2.

1.3. Reporting approach and layout

This report summarises the responses from the range of stakeholder groups and from both stages of the engagement study. The preliminary and often tentative findings from stage 1 are not separately presented but rather the focus is on the finalised form of the feedback.

It should be noted that much of the feedback was technical in nature. This was captured as much as possible but the engagement team was not qualified to assess the value of the contributions in some highly complex areas or able to present the detailed thinking behind such contributions. What the report does try to capture is the core nature of such input.

As such, input from GMW staff, Catchment Management Authorities and the Regional Water Corporations has been provided directly to the Minister's Independent Advisor to the Project who is directly responsible for facilitating the resetting of the Project.

In terms of layout the report uses the GHD list of options and the Project planning priorities for the first two stakeholder groups i.e. the community and GMW staff. For the remaining groups the reporting is on the key themes that emerged from discussion, interviews and any written input. The structure of the report is in the order of the stakeholders below.

This report summarises the feedback from the stakeholders consulted who included:

- A. Community – including mainly irrigators (GMW customers), other landowners, local businesses and others with an interest in the Connections Project
- B. Water Services Committees
- C. Local government
- D. Agriculture Industries
- E. Farm designers and contractors
- F. Customers with completed modernisation works

2.0. Community feedback on the GMW Connections Project reset

The Primary Agency engagement team initially visited key centres in the GMID and held six open day consultation sessions in Numurkah, Shepparton, Kyabram, Rochester, Kerang and Boort.

These community sessions were open to all with an interest in the Connections Project and so may have included irrigators modernised and not yet modernised, other irrigators, and local business people and others. As noted in the introduction this cannot be considered a statistically representative sample and it would be expected that it has a strong bias to those not yet modernised or those with planning in progress who may be impacted on by the reset proposed by the mid-term GHD review.

The attendees may generally be regarded as mainly, but not wholly, made up of GMW customers who have not yet been modernised. Thus, the views presented here are necessarily mainly of this group and must be considered qualitative in nature – they are broadly referred to as “community” views.

The GHD review pointed out that in reframing, or resetting the Project, there needed to be a common and shared view across the GMID community, based on changes to circumstances since the Project’s inception. In this section the themes and some of the comments that emerged are given to that capture some of these shared views by way of themes that summarise some of the issues for the community.

It should be noted that the relatively highly technical nature of the GHD mid-term review makes it difficult for the general community to make comment on. It is a technical report in nature and is not focused on articulating the potential deliverables in layman’s language.

Thus, on many of the strategic and operational project management issues involved the general community can only provide limited input. Despite this, some clear attitudes and suggestions emerge from the feedback from the general community.

The discussion framework used for the community is given in Appendix 2. Indicative quotes from the community’s feedback are contained in Appendix 3.

2.1. Current community view of the Connections Project

The general community evaluation of the Project to-date appears to be is that there has been a significant level of failure and that the Project has been incompetently managed. There is considerable frustration and anger about this in the community.

There are a number of aspects to this perspective. First, the community consider that the overall approach to the Project was mismanaged and that the initial stages have been inefficient and money has been wasted. There is also a belief by some that GMW has lost the general community’s confidence and has not been open about its approach.

They also feel that the Project has not utilised their knowledge and input. Generally, they consider that GMW has been unresponsive to their desire to have constructive input.

Another belief expressed is that, often, project management at the SCP or farm level has been poor.

For some, the emotional and other costs of the Project are seen as very high. These are in the form of both productive farming losses and opportunity costs associated with their farm not being modernised and also the impact on morale in wider community.

2.2. The overall Connections Project approach has not been handled well

The community generally consider that the overall approach to the Connections Project has been handled badly, without a clear vision and lacking a systematic approach to implementation. There is a sense that money was wasted in the initial stages and that this is one of the main reasons for the need for the Project to be reset. There were no other reasons given in the engagement as to why the Project reset was required.

There is a sense amongst some that GMW has lacked strategic focus on the Project.

Some questioned to what extent the water savings had been achieved thus far.

2.3. Local knowledge – they do not listen to us or keep us informed

The community generally are uncertain about what is currently going on with the Connections Project and feel they have not been kept informed. They feel that GMW has not listened enough to people on-the-ground.

The point was made many times by irrigators that they were not listened to, or involved in, the plan and were ignored.

Some felt pressured in the planning discussions.

They feel that local agricultural and irrigation knowledge could be a valuable input into the Project planning.

2.4. Project management at the farm level has had short comings

The community of irrigators often felt that the Connections Projects at the farm level were not being well managed or implemented.

Some comments suggested that the problem was a GMW one; in other cases contractors were identified as having shortcomings. Not incorporating local knowledge and not listening were issues that were reiterated. Problems with slow decision making were seen as an issue.

The competence of the GMW engineers and the contractors was questioned by some.

2.5. GMW staff are well intentioned and the Connections Project concept sound

Whilst many have criticisms and frustrations, many in the community accept that some of the initial project assumptions were wrong and that GMW has good intentions and the Project is valuable and necessary. This is considered in more detail later in this section.

2.6. The social and economic impact of the Project has been high

Many made comments about how what they saw as the failures of the Connections Project had impacted on them personally.

In many cases this was due to delays caused to improvements in their own farming operation and, in other cases, they spoke more generally.

Many believe that the social and economic impact on their lives has been very substantial and some were very emotional when expressing this.

2.7. The equity issue

Many in the community saw that it was unfair that they might miss out on the modernisation, or have a diminished form of it because they did not 'get in early'. This was exacerbated for those still negotiating an agreement because many believe that the 'hold-up' was with GMW, not them.

They see this as unfair and not what they were promised. The view that they had been promised that they would be no worse off with modernisation was sometimes mentioned in conjunction with this point.

This issue of equity will be an important issue in the future reset of the Project and will need to be addressed.

2.8. Project planning priorities considered – responses and suggestions

In this section, responses to the planning priorities which were presented to the community are noted.

In some cases the comments did not directly address the core nature of the issues involved in the specific project planning priority but did give insight into the way the community might interpret that priority. Not surprisingly many related the proposed planning priority to their personal situation and past experience.

2.8.1. Priority 1 – Provision of connections solutions will be prioritised on the basis of their ability to deliver value-for-money water savings

In terms of prioritising on the basis of value-for-money water savings, there is a range of views with some very concerned about the equity issue and some seeing it as fair. Yet others see this as giving further priority to the environment which may lose them more water.

Overall, this is considered a reasonable priority but with some reservations relating to how large the water savings are and how they are measured. Some consider that the easy water savings within the system have already been made and that they may miss out because of this planning priority.

2.8.2. Priority 2 – 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

Most seem satisfied with the idea that priority would be given to connections that support food and fibre production but the core issue, and the area where many see difficulties, lies in determining how this priority would be defined and decided. This priority seems to be strongly endorsed with these reservations.

Some did see this priority as being about reducing the irrigation area.

The key issue raised were the difficulties of defining this priority and assessing productivity.

2.8.3. Priority 3 – Connections standards will be proportional to the needs of the user as determined by historic water use and where the user seeks a higher standard of service, the user will have to contribute to the cost

The idea that connections standards be proportional to historic water use was a major source of concern for many.

This is seen as a very complex issue where the simple use of historic water usage would provide very unsatisfactory planning outcomes for some, and possibly harsh cost implications.

It was suggested that this guideline needed to be about the future too and that a longer term view should be taken.

The delivery share metric was also mentioned in comments on this priority and some interpreted the priority as covering this aspect. The community sees issues with both measures and this approach is seen to be problematic.

The general view was that this priority would need very careful, and possibly individual, evaluation and that it must also relate to criteria in Priority 2 (above).

The possibility of co-contributing to achieve a higher level of service was acknowledged as just that, a possibility, with most taking the view that you cannot evaluate it effectively without an idea of the costs involved.

2.8.4. Priority 4 – Statutory reconfiguration powers would be used where a landowner fails to reach an agreement within a reasonable timeframe

On the issue of the use of statutory reconfiguration powers there was considerable concern.

Some saw it as the only way to move the Project forward, whilst others were concerned that conflicts arising from its use would have very negative effects, either in terms of the costs for irrigators or the relationships between neighbours.

They often considered that it depended on the basis of the dispute and whether the dispute was on 'reasonable grounds'.

There were those who were simply directly opposed to it.

It was also mentioned by some that it was not reasonable to ask people to agree to a course of action that left them worse off. Some mentioned that they were asked to move from a gravity system to having to pump which they regarded as making them worse off.

There were mentions that often those 'holding out' sometimes had the motivation of trying to do well out of negotiations.

The general community response to this planning priority was that it was difficult and needed assessment on a case-by-case basis and it would have to be applied fairly and carefully. Transparency in dealings between parties is seen as important.

2.8.5. Priority 5 – Where urban water supply is available to non-commercial users, the continuing requirement for both urban and irrigation supply will need to be justified

This planning priority involving both urban and irrigation supplies received a mixed response but the majority of people spoken to were generally not too concerned about it.

It was often seen as reasonable, but costs, especially the higher charges associated with urban supply, were again seen as a possible issue.

2.8.6. Priority 6 – In some circumstances, the most viable solution will be to leave existing infrastructure and supply arrangements in place

When it came to leaving existing infrastructure and supply arrangements in place there was general agreement with but some expressed concern that adequate maintenance might not be done and that leaving existing arrangements in place might not be without problems. One of those mentioned was the ongoing cost of maintaining the network and the fact that these costs would be carried by water users.

2.8.7. Priority 7 – GMW will honour existing agreements that are consistent with the above or where contractual obligations exist. Contractual agreements can be withdrawn where mutual agreement has been reached with the landowner

The principle of honouring existing agreements was endorsed with no real comments or concern.

2.8.8. Priority 8 – The delivery of the Connections Project must ensure a more sustainable irrigation delivery system

This planning priority about ensuring a more sustainable delivery system was endorsed strongly, with many commenting this was that they believed the whole Connections Project was about.

A few thought the priority was about environmental issues and might be a grab for more water from the irrigation system. They noted they were conscious of the environmental aspects.

2.9. The options considered – future options for the Connections Project

The community response to the options identified in the mid-term review showed an acceptance of the need to reset the Project.

However, for a lot of these options, the community had varied views. This may be because they feel uncertain or not informed about what the current situation is regarding the Project, in different areas.

2.9.1. Option 1 – Do nothing to change the Project

It is generally accepted that this is not a feasible course of action. The almost uniform response was that this is simply not an option.

2.9.2. Option 2 – Increase duration of the Project

There was much comment that the Project should take place over a longer time frame but many irrigators felt that they have already waited too long and are frustrated.

Others stated that it is not clear what a longer duration could achieve.

Some suggested that taking more time might be more effective in terms of quality outcomes than rushing.

In short, there is no clear cut endorsement of this option.

2.9.3. Option 3 – Increase the Project budget

Many consider that the government(s) made the 'promises' and should pay more. Others are concerned that water users would end up paying.

Attitudes to this option are similar to option 2, increasing the duration of the Project. The community is uncertain and unclear about endorsing it.

2.9.4. Option 4 – More effective use of compulsory reconfiguration powers

Commentary on this option is covered in the above comments on project planning priority 4.

This is a complex issue for the community and often seen as an action of last resort and one that needs consideration on a case-by-case basis.

2.9.5. Option 5 – Outsource all or part of the Project

The lack of perceived project management skills and competence in the past is seen by some as an argument for outsourcing and/or reducing current management.

Others are sceptical of the value of using contractors.

Thus there is no consensus on this option although it further highlighted the issue of project management which the community tend to see as a core problem for the Project.

2.9.6. Option 6 – Change the policy framework to clarify the Project aims

The community showed a lack of depth of understanding of this option even after it was presented and explained. Most made little comment on it, however, when expressed as clarifying the 'rules' there was strong agreement.

Some of the responses suggested that they saw it as more a need to 'fix' rather than take a new direction with policy changes.

2.9.7. Option 7 – Abandon the Project

It is seen that the Connections Project is a major legacy project for the GMID and should continue.

In general, the Project is seen as something that has to happen and should not be abandoned.

As with option 1 – Do nothing to change the Project, abandonment is simply not seen as realistic option.

However, a few community members express a negative view of the Connections Project, seeing it as a project that was getting rid of irrigators. A small number are unconvinced of the need for the whole project.

3.0. Water Services Committees

The Primary Agency met with the Water Services Committees (WSCs) either in groups or through representation by individual members. The themes derived from these discussions were tested at a combined meeting of WSC chairs and deputies and the resulting comments presented here.

LOOKING BACK: The Project IN REVIEW

3.1. Looking back many of the original assumptions were incorrect

The WSCs expressed significant concern that many of the assumptions on which the original modernisation and Connections Project was predicated have proved to be incorrect or unmet.

Originally, it was anticipated that the Project would reduce the length of the main channels or 'backbone' which delivers water to irrigation districts. Customers would connect to these main channels via a new, in most cases piped, connection which they would own.

It was assumed that during this process up to 40 per cent of customers would, due to economic circumstances (farm terms of trade) and/or small farm size, choose to change their farming operation and receive a lower level of service (e.g. stock and domestic supply), with compensation paid as part of the connections program.

It was also anticipated that farmers would form, and join, syndicates to own and privately manage a shared piped supply from the back bone.

The drivers underpinning this model of modernisation were (1) the need to reduce the cost of the system for future users as less water would be ordered through the system, while at the same time (2) upgrading or modernising the water delivery infrastructure to allow the system to deliver what is termed 'water on demand' with the high flow rates needed to meet the needs of a modern water-efficient, on-farm irrigation system.

What actually happened is different. The majority of customers still wish to retain their rights to existing water supply and, with about 50 per cent of the Project complete and more than half the budget expended, only 12 per cent have reduced or discontinued their service.

For a major resizing and conversion to a modern delivery system servicing fewer customers to occur, farmers were expected to make expeditious and complex decisions about the future of their farming operation.

When the original assumptions were made in the mid-2000s the region was in a period of extended drought which might have hastened this decision making, but it did not. The reality was that the complex nature of the Project saw most farmers choose to delay their decision, whilst continuing with their existing service.

WSCs believe the original project, as conceived, was naïve and misguided.

3.2. There is wide disparity between early and late connections because of decisions being made with scant regard to local knowledge

WSCs are well aware that the level of funding and upgrades provided to customers, or 'connection offers' by NVIRP originally and later by GMW, have varied significantly as the Project has progressed.

This has resulted in confusion amongst water customers about what they are entitled to receive – if anything – through the delivery of the Connections Project. It has also created a level of expectation that WSCs are concerned is unlikely to be met.

Initially, generous offers were made to irrigators in order to achieve the water savings targets required by the Project to meet the original business case targets set by government. In today's context some of these seem overly generous; these examples are disparagingly referred to as 'gold plated' connections.

Over time it became apparent that the Project could not sustain the high cost of connections and the scope of the Project has changed. With this came an evolving set of assumptions and rules that have which have been applied to customers, often retrospectively, causing frustration, delay and failed attempts to reach agreement extending over many years. WSCs find this a particularly unsatisfactory situation.

WSCs state that connection concepts have often been prepared and even designed for use with SCPs with little customer engagement at the concept stages, thus failing to capture local knowledge or appreciation of customer expectations of levels of service.

This has resulted in many irrigators becoming disillusioned with, and frustrated by, the Project.

WSCs say the Project in many instances also fails to capture the local knowledge of GMW water delivery staff in the district who know and understand their customers and the daily operational requirements of the water delivery system.

WSCs say the failure to incorporate local expertise has led to many mistakes requiring rework and unnecessary costs.

3.3. A project delivery model is needed that is effective and accountable and which provides economies of scale

WSCs believe a project of this scale requires sophisticated project management and procurement skills from staff and contractors who have the 'right level' of expertise in the irrigation industry.

It is the view of the WSCs that the 'politics' of the Project was tarnished by the Ombudsman Inquiry and the subsequent decision to transfer the responsibility for delivery of the Project to GMW has led to disappointing variations in project management and delivery.

WSCs see the Project as having been overly bureaucratized within GMW which has led to uncertainty for customers and delivery agents such as farm designers and construction contractors. In effect, the Project has become paralysed by process.

In resetting the Project, WSCs believe any new operating new model must ensure project delivery that provides economies of scale as well as upfront project planning and design. WSCs see careful planning and design combined with clarity about the benefits to local customers and knowledge of the local irrigation district as being where the true value of the Project can be realised.

3.4. Changing connection policy and rules have delayed connections causing frustration, uncertainty, undesirable impacts and have had financial consequences for customers

The changing connection policy and rules and associated project metrics and the limited time available for farmers to make decisions, particularly in the early stages of the Project, have led to perverse outcomes at the early stages of design, it is claimed.

WSCs quote examples of delays and changing rules being the major cause of connections design proposals failing to meet customer expectations. In some instances this has led to connections proposals being reworked four or five times or more with consequent delays extending over a similar number of years.

WSCs are adamant that the significance and cost of these delays should not be underestimated.

Often, these delays have impacted heavily on farming operations as customers cannot make investment decisions or access funding to upgrade their farm without clarity on the location and design of the service point. It is stated that, in many instances, this has impacted farm revenue and viability and led to unreasonable levels of added stress and anxiety for some irrigators and their families.

3.5. Modcos have borne the brunt of frustrations with the process, leading to a high turnover of modcos, a lack of continuity and rework costs

WSCs recognise that it is a time of significant change in the Victorian water industry as a result of the Murray Darling Basin Plan (MDBP) and the ongoing 'trading out' of water from the GMID.

They acknowledge that this has created significant uncertainty for irrigators. GMW customers are unclear what success looks like for them individually, their irrigation district or the wider GMID.

This uncertainty and the ongoing changes in project scope and rules, impacts heavily on the frontline modco staff who require a high level of management and decision making support to be effective in their jobs.

WSCs believe it is hard to expect modcos to fast track a project of this size if the rules keep changing, especially with irrigator expectations shaped by earlier experiences of the Project.

WSCs suspect that this has created a level of pressure that has resulted in a high turnover of staff with the consequential effects on project delivery through a loss of continuity, rework and budgetary impacts.

3.6. Some modcos have a lack of irrigation 'knowhow'

The modernisation co-ordinators (modcos) job has been to engage effectively with individual customers and to facilitate service connections.

WSCs are particularly frustrated by the apparent lack of first-hand irrigation knowledge within the modco team.

Modcos, some with little industry and irrigation experience, are expected to explain to customers the consequences of their decisions on future service to their property and facilitate customers signing complex agreements.

WSCs believe that the consequences of these decisions are so significant for irrigators that it is reasonable to expect that modcos would have at least a basic knowledge of irrigation and agriculture.

That said, WSCs are sympathetic to the challenge presented to modcos by the complexity and scale of the Project, especially when the 'rules' are not clear or have constantly changed.

WSCs believe that modcos who have a lack of irrigation knowledge could have, in many instances, diminished customer engagement efforts already marred by the changing dynamics of the Project. This could have led to a perceived lack of equity and fairness.

3.7. There is a marked lack of clarity around the extent and scope of project completion

WSCs are particularly frustrated at the lack of information about the progress of the Project to-date as well as what the Project is expected to look like for each irrigation district and the wider GMID.

There is marked concern that the future delivery of the Project will see some customers with modernised connections and some not. There is also concern as to what this will mean in terms of water delivery services and charges compared to those with modernised connections.

Uncertainty with regard to the future of the Project and what it will mean for the GMID leads WSCs to ask variations of this question: are we upgrading for today or are we modernising for the food producing future of the region?

3.8. The pressure to meet water savings targets has led to high costs and inappropriate planning and upgrades

WSCs believe that the pressure to meet water savings targets for the MDBP has impacted heavily on project deliverables and costs, and worse, it has led to negative economic impacts not only for the Project but also for customers.

The perceived failure of project management to adequately plan and confirm the assumptions in the original business case has compounded these negative impacts.

WSCs acknowledge that the Project is endeavouring to change a 100 year old irrigation system that has served customers very well through a project delivered over just 10 years however, they comment that expecting customers and irrigation areas to change and make relatively rapid decisions about their farming, business and family futures is unreasonable without clear rules, a clear understanding of what is being offered and clarity about the consequences of this offer and its future costs – regardless of water savings targets.

WSCs agree that it is essential that GMW and the Project team learn from the issues now confronting the Project and re-engage with the customer base and stakeholders on the new business case and plan for the rolling-out of the remainder of the Project. This should provide a higher level of certainty and clarity for all, including the investors.

3.9. The slow rate of project completion has seen the cost of materials rise

WSCs see poor management of project cost risks as a failure of the Project's planning and procurement strategy which has had major impacts on the total project costs.

WSCs believe that the lack of appropriate upfront project planning – at the concept stage – and high staff turnover has led to multiple cases of customers receiving up to five or more different offers over five or more years and, in some cases, from several different modcos. Many of these remain unresolved, causing further delays and costs impacts.

WSCs point to the price increases for key infrastructure, which in some cases have trebled, since the start of the Project, as evidence of the impact that poor project planning and delays have had on the status and cost of the Project to-date.

WSCs state that the reset project must provide a scope of works that allows economies of scale to be reflected in the Project's expenditures.

3.10. The lack of reference to local knowledge has meant there are a lot of defects and rework costs and a lack of clarity with installation standards

WSCs express concern that, under pressure to deliver a complex project to meet water savings targets, underlying decisions appear to have been made which are not fit for the purpose of planning, designing and delivering modernised connections at a scale that ensures affordability and sustainability.

They state that the planning and design of some connections has led to capital expenditure on infrastructure that may not, or cannot, ever be used. In most of these instances, it is suggested there has been abundant local knowledge within the local irrigator community, and indeed GMW, to have avoided these costly mistakes.

These impacts are less evident on the backbone system. However, for the balance of the connections, WSCs believe using local knowledge of conditions and customer water use would, when combined with a clarified and consistent set of rules around installation, deliver fit-for-purpose connections that are cost effective.

WSCs believe the Project must align with GMW staff and WSC knowledge, if it is to deliver better outcomes.

This 'ground-up' approach appears at odds with the 'top-down' employed by project management thus far. WSCs believe that the higher level of engagement inherent in this approach will be key in managing customer expectations and delivering genuinely innovative and effective local solutions.

Looking ahead: WSC themes for the Project reset

3.12. Theme 1

The reset must lock down the connection 'rules' and make them available to relevant customers with sufficient detail, so as to ensure equity and fairness

WSCs are adamant that the Project needs to have clear and published connection policy and rules to ensure equity and fairness with the future delivery of connections.

WSCs see these connection policies as defining the rules underpinning the process for establishing customer agreements (the voluntary process) and equally, defining when regulatory tools might be used to ensure 'community good' prevails. This would include the issue of creating easements over private property.

WSCs believe the use of regulatory tools must only proceed if offers made through a fair, equitable and transparent process have failed to progress.

3.13. Theme 2

The reset project should focus on connecting those irrigators and customers who will generate the economic output that will ensure the future sustainability of the GMID

WSCs recommend that the reset project focus on connecting and upgrading service delivery to those customers that are going to provide the greatest economic benefit for the GMID. These irrigators are referred to as the lifeblood of the communities within the region without whom the GMID would cease to exist in its present form.

WSCs believe that the use of simple metrics to assess the level of service to a property, such as the last three years of water use (historic water use), does not provide a genuine assessment of a farms scope for maximising the use of the delivery system. Other factors need to be taken into account such as land use, crop type, land capability together with an assessment of water use to define and prioritise SCsPs.

WSCs expect that customers should share the same picture of what the GMW footprint will look like after project completion as the Project's investors and expect that the reset will articulate this.

While the Project should not 'pick winners', WSCs believe that if the available funds are insufficient to complete the Project to the extent originally anticipated, clarity must be provided about the future of the delivery system that is not upgraded.

3.14. Theme 3

The reset must provide clarity to customers and complete the contracted work in progress before moving forward

WSCs want the investors and GMW to agree that contracted works will be prioritised and completed while the Project reset is being undertaken.

WSCs believe this is the last chance for government and GMW to 'get this project right'. They believe that while there are significant holding costs for the Project, there is an obligation to ensure project learnings have been effectively integrated into the reset project and continuation of contracted works will provide some 'breathing space' for this to occur.

3.15. Theme 4

The reset must allow for, and encourage, transparent property consolidation

Local knowledge of the irrigation system extends to knowledge of customers and their farming activities and operations.

WSCs believe utilising local knowledge and engaging early with customers might lead to the opportunities for consolidation of holdings and lessen the need for capital expenditure by locking in project efficiencies and innovation early in the Project planning phase.

WSCs see the early planning phase as being where innovative and smart connections would most likely evolve, including any consolidation of property and delivery share.

3.16. Theme 5

The reset should review the delivery share model

WSCs believe there is a fundamental policy conflict between what customers pay for delivery flow rate compared to what they use, and the Project's aim of resizing flow rate without consolidating, resizing and revaluing delivery share.

WSCs believe a review of the assessment and treatment of delivery share and the impact this project is having on GMW's business fundamentals is needed urgently.

One WSC has proffered a model for how delivery share rationalisation might occur using a market based mechanism to facilitate change.

3.17. Theme 6

The reset project needs to redefine the Project metrics and establish a means of weighting them

WSCs see the current project metrics as being too constrained and water savings focussed. WSCs believe that the reset project should provide customers with smart solutions to modernise in a way that underpins the GMID's future.

WSCs share the view that it is too simplistic to assess a farm based on history of water use and a desktop classification of what is deemed to be a commercial farming operation; these measures need to be enhanced with the use of weighted factors that will assist in refining the scope and scale of the reset project.

3.18. Theme 7

The reset should consider backbone extensions and minimal upgrades where modernised connections to the backbone are not viable

That some districts have higher channel losses than others is a matter of particular concern for those WSCs with low channel losses.

Originally, an average water averaging process was used to determine modernisation viability. Recently, the assessment metrics for channel losses moved from this averaging model to one based on ratings of channel losses in each district.

This has upset those WSCs with channels with less leakage and significantly limited their ability to participate in the Project. They claim to be being penalised for having good quality soils and hence low-loss channels.

WSCs believe the reset project, and GMW, need to consider what happens to the delivery of water to these areas, some of which offer scale and the opportunity for irrigation development in the future.

In these areas, the WSCs consider that it might be prudent for the reset project to consider a new category of connection where backbone extensions occur together with some upgrade and automation, for example, channel lining of spurs and meter upgrades.

3.19. Theme 8

The reset project should encourage syndication of D&S customers

The early stages of the Project actively investigated syndication however there has been limited success in pursuing these options or in responding to customer inquiry.

WSCs support encouraging syndication of D&S customers in the reset project.

They are aware of the potential for transferring the rural residential areas surrounding towns to urban water supply however, the WSCs are aware of the higher costs to landowners associated with this option and believe there would need to be direction on future land use from local government for this to be most feasible.

3.20. Theme 9

The reset project must facilitate a fit-for-purpose delivery system that has whole-of-life affordability for the GMID and supports diverse commodity production

WSCs acknowledge that the state government's 'transaction' with the Commonwealth is based on dollars for water savings but point out that the 'transaction' between GMW and its customers is for smart, innovative irrigation flow delivery through a modernised system that delivers cost effective savings and delivery efficiencies of 85 per cent across the channel system. They believe that a water savings-only focus compromises GMW's customer relationship and threatens the future productivity of the GMID.

WSCs believe that a more broadly based assessment approach is required to assess the suitability of different areas for modernised connection. They believe this should be undertaken in such a way that underpins the affordability of the irrigation network in the future and the intergenerational transfer of viable farming properties.

WSCs say that there is a need to avoid constraining the Project by using a one-size-fits-all approach and to allow the commercial irrigation sector to aid the reset by innovating wherever possible in terms of smart system modernisation and project delivery. This will help ensure fit-for-purpose connections.

The WSCs are strongly of the opinion that the GMID must maximise the opportunity this project provides for the future of irrigation and hence, the underpinning of the communities across the region.

3.21. Theme 10

Whoever delivers the reset project must be the accountable entity

It is the opinion of the WSCs that governance and management of the Project has been poor and that much of the Project planning and works undertaken have been costly and inefficient. This has resulted in less than optimal on-ground delivery of irrigation infrastructure.

WSCs believe it is imperative that GMW reviews the effectiveness of past and present project delivery arrangements as part of the reset and ensures the Project delivers competitive and cost effective solutions.

WSCs are strongly of the opinion that project governance for the reset must ensure appropriate delivery accountability for the organisation charged with managing the provision of products and services to the Project.

4.0. Local government

The GMID region area covers seven local government shires of which The Primary Agency spoke to six. These shires have a direct interest in the modernisation project from a range of viewpoints, including the economic benefits to their area and the impact on their constituents.

Councillors and staff in local government generally took a broadly positive view of the Project for the region but also expressed concern about specific localities within their shire that might be impacted.

Several were also irrigators and spoke from personal experience and some of their feedback mirrored that of the irrigators in the community feedback section.

Indicative quotes from local government are contained in Appendix 4.

4.1. Local government perspectives on the Connections Project

A number of issues were raised in discussions; these are outlined in this section. Both councillors and staff are referred to collectively here as 'local government' or 'councils'.

4.1.1. The basis of the Connections Project is questionable

Some members of local government expressed the view that the overall project has been poorly conceived from the outset and based on the wrong assumptions. Some also suggested that the current situation in which the Project finds itself is dire.

Some suggested that the intention or fundamental basis of the Project being focussed on environmental water savings was not appropriate. They consider that irrigators should have been the focus.

Some considered that the Project's progress to-date is unsatisfactory and they supported an urgent reset.

4.1.2. Perceptions about wastage in modernisation planning and execution

Many considered that the Project has been mismanaged at an operational level and that there has been wastage.

They generally hold the view that monies invested in the Project have been wasted because of poor scoping, poor project planning, and poor succession planning by the Project team staff and contractors.

They say that a lot of this wastage appears to be due to drawn-out and incomplete planning with irrigators.

They say poor communication is a large part of this, with some councillors quoting direct personal experience.

4.1.3. There is a need to focus on productive farms as a policy priority

The planning priority giving preference to more productive irrigators is well accepted at shire level.

4.1.4. Previous modernisation negotiation processes have been unfair

Councils expressed concern that past practice has favoured irrigators who have negotiated well. There is a view that there has been a lack of transparency in these dealings, which leads to perceptions, rightly or wrongly, of inequalities. Local government believes GMW needs to be more open and fair in their processes in this area, in the future.

There is a clear indication that the use of statutory powers are supported and that this might provide a more equitable and efficient outcome.

4.1.5. Overall lack of communication about the Connections Project and the big picture outcomes

Councils feel that there has been a lack of communication of information about the Project.

They want to know what the 'big picture' is for the Project so that they can gauge the implications for the region and their shire.

They are interested in how the benefits of the Connections Project would translate into benefits for industry and hence benefits for their communities. While their primary interest is at the local community level, they also want the broader perspective on benefits for the GMID.

All the councils acknowledged that some hard decisions need to be made. They see opportunity for a greater working 'partnership' within each shire but they want, and need, to better understand the Project's future.

While big picture questions can be difficult to answer it is clear that a reset Connections Project will need to clearly articulate and elaborate its purpose and objectives for local government.

4.1.6. Alignment and partnership

Councils expressed the view that they would like to have more joint forward planning with GMW so that they can better align their asset management with the Project (e.g. roads and bridges) and look at the issues involved with easements and asset responsibility.

They felt that the opportunity for partnership at this level has been missed to-date and felt they had no substantial information on future land-use post the Connections Project.

They also felt that timelines for decision-making and Project progress were very unclear. Their summary request was that "they (GMW) need to tell us where the Project is at".

4.1.7. The historic usage policy rule

Some councils made reference to the historic use criterion as being problematic. Some also raised the issue of delivery share as the basis for connection and saw the need for clarification of the delivery share issue.

4.1.8. WSC operations need attention

Some WSCs have made contact with councils and made clear their view on the Project. Some of the councils saw more of a role for WSCs in the reset project.

5.0. Agriculture industries

The Primary Agency spoke with regional and state representatives of the dairy, fruit and vegetable growing industries – including private companies – about the Connections Project and the industry’s priorities for the reset of the Connections Project.

5.1. Agriculture industries have significant concerns about the Project

There is concern that recent design assumptions stated by GMW are not consistent with the original assumptions agreed and supported by key agriculture industry stakeholders.

That the Connections Project, as identified in the mid-term review, is getting further behind in terms of meeting key project deliverables is worrying and potentially impactful on those industries that are underpinned by irrigation in the GMID.

There is concern that the water savings targets will not be met and that there will be consequences and risks for the Project and agriculture which are unclear.

While there is a belief (or hope) that the Project is still ‘do-able’ but there is concern that resetting the Project may not deliver a modernised irrigation system which supports industry growth and expansion.

Industry is concerned that confusion and a lack of information and clarity about the process and timing has contributed to the Connections Project losing traction with its irrigator customer base.

Many questions about the Project remain unanswered. Most of these relate to the extent to which the Connections Project has been completed and what impact any ‘resetting’ of the Project might have on the future of the dairy, fruit and vegetable growing industries.

There is no clarity about how many of the 165 Strategic Connections Project (SCP) areas have been completed and thus, what the modernised irrigation network looks like now or what it will look like when completed, across the GMID.

Industry requires that the modernised system supports productive agriculture industry ‘hotspots’ and expects that scope has been allowed for future industry expansion. The major industries are concerned that irrigation services will be provided to the outlying farms that are productive.

5.2. Industry considers irrigators have been poorly informed about the progress and status of the Project

Industry believes that GMW customers are confused and lack information and clarity about the connections process. The dairy industry, for example, estimates this confusion extends to well over 50 per cent of GMW’s dairy farmer customer base. This has had major planning and individual farm business ramifications for these farmers.

This confusion has led to frustration amongst irrigators without a ‘modernised connection’, which is further disenfranchising them from the Project and GMW.

The modernisation connection rules have been fluid and recurring change has compromised the original project design parameters and the Project delivery strategy, which was supported by key stakeholders.

In addition, growing general awareness that the Connections Project, without change, will not meet its water savings targets is heightening concerns amongst those yet-to-be-connected. This is exacerbating the fear that there will be ‘haves’ and ‘have-nots’, which is contrary to expectations created at the start of the modernisation project.

Industry raises the question: “will the water savings be achieved and, if not, what will be the consequences and risks for the reset project and hence, irrigators?”

5.3. The reset project is vitally important to all involved

Industry believes the Connections Project remains a vital project for the GMID and that stakeholders need to be embraced in the resetting of the Project. This is entirely consistent with the widely articulated priority of incorporating local knowledge into the Project.

While industry has no doubt of the significance of the Project for the region, it believes the vision for the Project has been lost and must be redefined and articulated as part of the reset. This will enable irrigation customers, big and small, to begin to make key enterprise decisions about their future.

While industry expects that tough decisions about future connections and levels of service will need to be made, there is a sense that yet-to-be-connected irrigators have been ‘let down’ by the Project.

There is agreement that a redefinition of the modernisation package based on the reset is essential; and, clarification of what outcomes the Project will deliver and the subsequent implications for GMW’s irrigator customers are essential.

While industry prioritises large water users as the priority for connection, it questions the recent use of historic water use as the basis for redefining levels of service.

This metric simplifies and confirms to industry (it is a least cost water savings project) that active water trading and farm water use, to meet changing cropping, pasture and market options, are not being taken into account to meet growth in farm flow requirements (the best ‘fit for purpose connection’). Other land and water use factors need to be taken into account in planning future connections.

5.4. The reset project must get it right; management must be transparent

Industry is of the view that the resetting of the Project needs to avoid ‘punishing’ regions for the past failings of the Project. It considers the Project to be the most significant project for the future of the GMID, and it should not be compromised.

Industry expects to ‘partner’ in redefining the delivery of the Project especially if this means some customers will retain the existing service and not receive a modernised connection.

From an industry perspective, the connections process needs to be made fully transparent and for this, access to information and good communication are key.

By ensuring the governance of the Project is clear and embracing industry perspectives and participation, industry believes GMW has some possibility of rebuilding confidence and trust that has been lost through the failed execution of the connections project to-date.

6.0. Farm designers and contractors

The Primary Agency held two open forums in Shepparton with farm designers & planners (farm designers) and regional contractors involved in the modernisation work to get their feedback. Below are the main themes from those discussions.

It should be noted that the experience of these key stakeholders and the potential solutions they have highlighted lie outside of the scope of this report but should be actively considered in any project reset.

Indicative quotes for farm designers and contractors are contained in Appendix 5.

6.1. Changing policies and payments

Farm designers and contractors say the project policies and rules keep changing as the Project progresses and this must be addressed.

They highlight discontent among irrigators over the premiums paid to early connectors when the Project was under the auspices of NVIRP, and the budget was less constrained.

They recognise that the high cost of the early stages of the project, in order to meet water saving targets, has forced GMW to impose stricter budget controls in the latter stages.

6.2. Lack of consultation

They say GMW did not engage effectively enough with irrigators in the early stages of the Stage 2 Connections Project. Designers were given data and maps for areas without there first being liaison with customers, to understand, first-hand, conditions on the ground.

6.3. Inexperience and lack of clarity

Those involved in delivering the Connections Project have been unclear about what the Project is attempting to deliver.

Many staff lack 'big project' experience. Modcos have changed too often and there is a perceived lack of irrigation experience/training.

There is a lack of clarity about what customers can expect or are entitled to receive upon connection and what designers can deliver.

6.4. Slow decision-making is affecting progress

Farm designers and contractors believe progress is slowed by the number of staff involved in decision making (e.g. modco to farm designer to on-farm construction manager) and decision-making 'paralysis' over relatively small matters (e.g. small budget overspends). These factors have caused bottlenecks in project delivery.

6.5. Opportunities for staff to give project improvement feedback are lacking

Farm designers and contractors believe the Project lacks opportunities for staff to meet and give feedback on how the Project could be improved. This stifles project refinement and evolution.

Farm designers meet independently every two or three months but modcos and project management no longer attend these meetings. Project managers, farm designers and modcos should meet early in any connections process i.e. the concept stage.

6.6. Stop-start effect on resource management

The stop-start effect on managing resources is a key issue for the reset. It is considered a huge impost for these businesses to carry staff over the sometimes large time periods when projects are delayed.

Contractors need to be deployed more efficiently to reduce unnecessary site visits, works and use of multiple deliveries to the one location. This requires better contractor delivery planning and packaging of tenders.

6.7. Nonsensical infrastructure outcomes

The time frame for achieving water savings has led to inflated project delivery costs and infrastructure solutions which were not cost effective or common sense (e.g. unnecessary installation of upgraded meters in order to claim the saving, as opposed to effective meter rationalisation) in many instances.

6.8. Determining a 'fit-for-purpose' service

Farm designers state that historical water usage is what is used now but caution that this could sometimes lead to inappropriate service outcomes which could constrain future development.

Farmers paying for delivery shares expect to be connected even if they have sold their water and are buying from the temporary market. Conversely, there are those facing the dilemma of paying delivery share costs while having no water.

6.9. Existing channel delivery infrastructure

The original channels have served the GMID well for the last 100 years. The Project may need to look at backbone extension and channels, especially in some specific areas.

6.10. The need to prioritise SCPs and project planning

Farm designers and contractors believe the Project may need to be redefined in both intent and scope if no more funds are forthcoming.

It is unlikely all SCPs will be connected in a way that meets customer expectations of the Connections Project. Deciding which SCPs take priority should be defined using a range of criteria to eliminate marginal areas. This would avoid stranded assets, reduce whole-of-life costs and encourage land aggregation.

GMW would maintain the existing connection service level to these areas with upgrades based on delivery rights. The productivity prioritisation metric for SCPs could be refined substantially by additional criteria such as soil types, salinity and flood overlays.

6.11. Managing the issue of connecting small rural holdings or land that requires a D&S service

Many of these farmers and small holdings sold their water due to economic circumstances and drought conditions. Project managers say it is now too hard to connect these delivery share paying customers. Clear policies or rules should be determined and provided to this customer segment.

6.12. Compulsory reconfiguration

Farm designers and contractors see compulsory reconfiguration and the process of seeking a decision on a connection solution as a significant policy issue for the future of the Project and believe it is an option that should be considered.

6.13. Communication of policy changes

Farm designers and contractors are of the opinion that communication of policy changes has been costly and disruptive to the Project. It is described as very poor with the burden on customers to seek clarification.

There is little documentation and standardisation. Scope creep on supplier agreements causes unnecessary tension and compromises the planning process.

6.14. Construction managers are also impacted by planning

Payment terms are difficult due to unanticipated completion issues arising from changing planning guidelines..

Changes to project parameters, policies and key people also have an effect.

Timely project implementation is often compromised by unwilling landowners or contingent landowners.

6.15. In resetting the Project

Farm designers and contractors believe that refining connections policies to streamline connection will allow for greater progress than the prevailing stop-start mode of operation, with its corresponding cost inefficiencies.

Once the voluntary process is exhausted, regulatory tools (i.e. compulsory reconfiguration) should be used to expedite SCP modernisation. This will provide for fair and reasonable offers to progress and speed implementation timelines.

Better management of expectations will be needed to aid progress.

Better construction planning and project management will be needed.

Design and construct (D&C) panels for delivery should be established.

Contractors should be paid directly for works done and eliminate any payment to landholders for works to be done.

GMW design standards should be set up and adopted by all delivery members.

Consider building fit-for-purpose infrastructure owned by GMW in existing easements (e.g. pumps, pipelines, plastic lining channels). Farm designers and contractors believe there is no need to sell this idea to landholders.

7.0. Customers with completed modernisation works

The Primary Agency spoke to a small number of GMW customers who had completed modernisation work in order to get feedback on their experience and attitudes.

In several cases there was still more modernisation to come on their property, or other properties that they owned, so their comments reflected this status. The interviews were conducted by telephone and some customers followed up with email comments as well.

In this section we report the main themes and although there were specific comments on the review options and connection policy and rules by some, these are reported more broadly.

Indicative quotes from customers with completed modernisation works are contained in Appendix 6.

7.1. The outcome has been excellent

The irrigators were generally very pleased with the outcome and the modernised water delivery connection and water efficiency benefits they had also experienced on-farm. They had no doubt about the need for, and value of, the Project.

7.2. GMW is well intentioned and the Connections Project is challenging

They also saw GMW as having the right intentions but doing a hard job and operating under constraints. They see the Connections Project as a challenging and complex one.

7.3. The process needs improvement in terms of time taken

Almost all commented that the planning and actual undertaking of the Project took far too long. They felt that much of the negotiation and decision making was too slow.

7.4. Irrigator input is needed at the planning stage

There was also a view expressed that the experience could be improved if irrigators were listened to more at the planning stage.

Some felt that they had no influence over the direction of the improvement. Others thought that the outcome would be much better if they listened to irrigators with local knowledge.

7.5. Information on the process

There were a few comments about the rules 'changing a lot' and making planning difficult but also about how the rules are not accessible or well known.

7.6. Outsourcing is not really a good option – contractors have limitations

The role of contractors/outsourcing was seen as problematic.

Sometimes, for example, they were seen as too 'engineering' in their approach and lacking irrigation expertise.

They also saw the contractors as not being as responsive and understanding about farming operations being able to continue while work was in progress.

They see the need for better project management as the issue – rather than outsourcing to solve the problems.

7.7. Focus on productive land

There was definite support for the priority that considered the value of the modernisation in terms of productive irrigation operations.

The view was expressed that non-productive and or poor value-for-money assessments were needed in the decision making. Small hobby-type operations and the possible need for drying off whole areas were mentioned.

At the same time it should be expected that some small operators would dispute the productive farm-focus and it was argued out that the impact on family farms might be unfair.

7.8. Compulsory reconfiguration powers needs to be used carefully

There was a cautious response to this planning priority.

They saw that it had to be undertaken carefully with recognition of different situations. Their attitude here may be influenced by their experiences with the Project planning and the sense that their input on the modernisation plan was not listened to.

They suggested that any compulsory reconfiguration must be done fairly.

7.9. The Connections Project must go ahead

The need for the Project was reiterated.

The irrigators who have been modernised are strong believers in the Connections Project and see it as important for the GMID that it be completed.

They expressed concerns if modernisation was not offered to others (with the productive farm caveat) it would be unfair and would create a two-tier system of irrigators.

8.0. Conclusions

The objective of the engagement project conducted by The Primary Agency was to give stakeholders the opportunity to share and express their views about the Connections Project in the context of the mid-term review and hence which option or planning priority, or spectrum of either, might best meet their expectations.

The stakeholders consulted included:

- A. Community – including mainly irrigators (GMW customers), other landowners, local businesses and others with an interest in the Connections Project
- B. Water Service Committees
- C. Local government
- D. Farm designers and contractors
- E. Agriculture industries
- F. Customers with completed modernisation works

The individual themes emerging from these discussions have been outlined in the main report.

There is a lot of agreement on past and current issues that emerged in the engagement which is summarised below. There is also a considerable degree of agreement on the way forward if the Project is to be reset. However, these stakeholders also consider there is a degree of complexity in the future which is not captured in the proposed project planning priorities and options.

8.1. The main Connections Project issues where stakeholders were in agreement

The general findings where feedback was consistent across several stakeholder groups are summarised below.

The strategy underpinning management of the Connections Project has not been successful

The general feeling of stakeholders is that the Connections Project has been handled badly and has lacked consistency and a clear vision of what the Project will look like once implemented.

GMW's project management and delivery has been seen by some as not being transparent and as having wasted money. These factors are seen as leading the need for the reset.

The social and economic impact of the Project at the individual customer level has been high according to the feedback.

There is a level of anger and frustration in the community at the failures they perceive. Often this is based on delays in being connected or a lack of information about modernisation plans for their enterprise.

Generally it is due to uncertainty about the future of the Connections Project as it relates to the number of water users who will receive a modernised connection.

There is a lack of confidence in GMW's project management with respect to the Connections Project despite there being broad support for what is perceived as the intent of the Project.

There are a lot of deficiencies in project management at the operational level

The process and connections policy and rules covering the planning and implementation of modernisation works are seen as having serious problems by not only GMW customers but by WSCs and others.

The deficiencies ranged from long delays, lack of communication, lack of consultation with customers, lack of competence, inadequate connection policy, changing rules and benchmarks, inappropriate rules, lack of communication and so on.

A host of suggestions were made which demonstrate a willingness by all stakeholder groups to find solutions to the problems in this area. The suggestions covered a wide range of issues and there was no obvious consensus on what the solutions might be.

The bottom line is that, at the SCP or district level, the current approach is simply not seen as working.

The GHD Connections Project options of ‘Do nothing to change the Project’ and ‘Abandon the Project’ are not options.

These options, which were put forward in the GHD review, were not considered to be realistic options by any stakeholder group. The disbenefits of both these options were seen as potentially disastrous in economic and irrigation system terms, to the GMID.

Communications and transparency need to improve.

Stakeholders believe that communications have been poor. In the case of the community, they sometimes perceive this as being a result of inefficiency or secrecy by GMW.

Some other stakeholders suggested that the original project assumptions were wrong and expectations have been influenced by this. Others point out that there have been many changes in approach and a ‘lot of politics’.

With many not clear about the Project status and where it is going in the future, it is not surprising that there is a belief that communications about the Connections Project have been poor.

Local knowledge should be utilised more

The WSCs, staff and the irrigators themselves all pointed out that local knowledge needed to be utilised more.

The view that there had been failures and lost opportunities because this had not been the case was often repeated. This suggests that this should be addressed in future planning of the reset project.

Giving priority to connections that support food and fibre production, regional development, jobs and growth is sound but very complex

Most stakeholders strongly endorsed the idea that priority be given to connections that support food and fibre production and that the more productive farms should have the higher priority.

However, irrigators and others saw this in terms of productive potential and not just the current situation. The general view was that there would be difficulties in defining how this priority would be determined.

So, while the principle is strongly endorsed there may be a degree of complexity in defining this priority in a way that would satisfy stakeholders.

The use of historic water usage as a primary connection policy for connections standards needs to be better defined

Most stakeholders recognised historic water use as a means of determining connections standards.

Some, including irrigators and WSCs, saw it as having limited usefulness as a means of determining the level of service for connections, while others were more concerned that it be used fairly. Some perceive it as not making enough allowance for recent or future farm improvements, change of ownership, potential productive opportunities, water trading or for recent farm management decisions.

Much of the commentary on the use of historic water usage suggested its parameters should be better defined to lessen its perceived limitations and that its application in resetting the Connections Project should be 'fairer'.

Compulsory reconfiguration powers must be handled very carefully

On compulsory reconfiguration powers there also was considerable concern amongst nearly all stakeholders.

While some saw it as the only way to move the Project forward, most stakeholders considered that it should only be used as a last resort and that it also depended on the basis of the dispute and whether such action was on 'reasonable grounds'.

It is clearly an area that many consider difficult but, given this common viewpoint, it might be a widely available method used to solve problems in future project planning and implementation, provided the basis for its use is clear and fair.

Outsourcing may not be the answer

There was limited input on outsourcing. Some felt it might increase efficiency and lower costs but others were unconvinced. The main point made is that the job must be done more efficiently than in the past and the best option to achieve this should be used.

8.2. Closing comments

The engagement project has found that there is a strong commitment to the reset of the Connections Project despite it being seen as poorly managed to-date.

Contributions to the engagement process from community and stakeholders have been considered and generous; these have been distilled into a number of 'considerations' to aid government decision making in resetting the Project. These considerations are presented in the executive summary of this report.

The engagement project also found that any resetting of the Project will need to be based on careful consideration of the project planning priorities, and that several of those considered are seen as simplistic.

Many stakeholders feel they have an important role to play in ensuring the Project is successful and feel they have been excluded from the Project to-date. This needs to be addressed in the near future.

Finally, it appears that communication at all levels and across all stakeholders has been very unsatisfactory. In many cases it appears there has been a complete absence of the communication that is essential to ensure the success of the Project.

APPENDIX 1

Schedule of Open Days, Community and Stakeholder Forums/Discussions

Stage 1

Community Open Days (6):

Numurkah	14/12/15
Shepparton	14/12/15
Kyabram	15/12/15
Rochester	15/12/15
Kerang	16/12/15
Boort	17/12/15

Further Community Discussions (42):

Community Commentators within the GMID	14/12-19/01/16
Echuca Village Representatives	14/12/16
Connected Irrigators*	20-22/01/16

Water Services Committees Meetings(6):

Numurkah	14/12/15
Shepparton	14/12/15
Kyabram	15/12/15
Rochester	15/12/15
Kerang	16/12/15
Boort	17/12/15

Goulburn Murray Water – Staff Meetings (9):

Cobram Staff	13/01/16
Shepparton Staff	13/01/16
Kyabram Staff	14/01/16
Rochester Staff	14/01/16
Tatura Staff	18/01/16
Tatura Staff	18/01/16
Tatura Connections Staff	19/01/16
Kerang Staff	19/01/16
Pyramid Hill Staff	19/01/16

Goulburn Murray Water - Independent Value Engineering Panel Meeting (1):

Tatura	18/01/16
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Local Government Meetings (6):

Moira	8/12/15
Shepparton	9/12/15
Campaspe	15/12/15
Gannawarra	16/12/15
Swan Hil	16/12/15
Loddon	17/12/15

Catchment Management Authorities & regional Water Corporations Meetings (4):

Goulburn Broken CMA	14/12/15
North Central CMA	27/12/16
Goulburn Valley Water	13/12/16
Coliban Water	22/12/16

Agriculture Industries

Victorian Farmers Federation (Water)	02/12/15
Dairy Industry Representatives	09/12/15
Fruit Growers Association of Victoria	09/12/15
Kagome*	18/12/15
Victorian Vegetables Growers Association*	28/01/16

Farm designers and contractors (2):

Construction Contractors	18/01/16
Planners and On-Farm designers	18/01/16

Stage 2

Community Forums (5):

Numurkah	18/12/16
Kyabram	18/12/16
Rochester	18/12/16
Boort	18/12/16
Kerang	18/12/16

Water Services Committee Chairs and Deputies Forum (1):

Tatura	22/01/16
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Local Government Forums (4)

Loddon	18/01/16
Campaspe	19/01/16
Gannawarra	19/01/16
Moira	19/01/16

Victorian Farmers Federation (Water)	19/01/16
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**Telephone discussions*

2. Possible future options

Option 1: Do nothing to change the project

Option 2: Increase the duration of the project

Option 3: Increase the budget

Option 4: Make more effective use of compulsory reconfiguration powers

Option 5: Use of outsourcing

Option 6: Change the policy framework to reset the project

Option 7: Abandon the project

3. Planning priorities

What is your reaction to the following priorities being used in future connections planning?	Your reaction
1. Provision of connections solutions will be prioritised on the basis of their ability to deliver value-for-money water savings .	
2. 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.	
3. Connections standards will be proportional to the needs of the user as determined by historic water use and where a user seeks a higher standard of service, the user will have to contribute to the cost.	
4. Statutory reconfiguration powers would be used where a landowner fails to reach an agreement within a reasonable timeframe.	
5. Where urban water supply is available to non-commercial users, the continuing requirement for both urban and irrigation supply will need to be justified .	
6. In some circumstances, the most viable solution will be to leave existing infrastructure and supply arrangements in place .	
7. GMW will honour existing agreements that are consistent with the above or where contractual obligations exist. Contractual agreements can be withdrawn where mutual agreement has been reached with the landowner.	
8. The delivery of the Connections Project must ensure a more sustainable irrigation delivery system .	

NM SH KY RC KR BT

Survey for participants in community Open Days

Name:

Location: Occupation:

Feedback on the future of Goulburn Murray Water’s Connections Project

- The Primary Agency is reporting the opinions of landholders and others back to the Federal and State Governments and GMW as soon as these meetings are concluded.
- We want to include your opinions so please take a few minutes to give us your views on the plan to reshape the Connections Project in the future.
- We would like you to try to relate these to the Options outlined. Remember a combination of these options is likely to be used in the future.

Question 1: Firstly do you support or oppose the ‘resetting’ of the project at this time?

Please Tick

Strongly Support Support Neither/nor Oppose Strongly Oppose Don’t Know

Question 2: What is your reaction to these possible future directions/options?

Option 1: Do nothing to change the project
Option 2: Increase the duration of the project
Option 3: Increase the budget
Option 4: Make more effective use of compulsory reconfiguration powers
Option 5: Use of outsourcing in whole or part to complete the project
Option 6: Changing the policy framework about who gets connected etc.
Option 7: Abandon the project

Please return your completed survey to The Primary Agency, PO BOX 346 East Melbourne 8002; or email to tpa@theprimaryagency.com before 15 January 2016.

Better Thinking. Better solutions. **Primary.**

Question 3: Please also tell us your attitudes to specific aspects of changing the policy framework if the following priorities were applied.

What is your reaction to the following priorities being used in future connections planning?	Your reaction
1. Provision of connections solutions will be prioritised on the basis of their ability to deliver value-for-money water savings.	
2. 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.	
3. Connections standards will be proportional to the needs of the user as determined by historic water use and where a user seeks a higher standard of service, the user will have to contribute to the cost.	
4. Where urban water supply is available to non-commercial users, the continuing requirement for both urban and irrigation supply will need to be justified.	
5. In some circumstances, the most viable solution will be to leave existing infrastructure and supply arrangements in place.	

Question 4: What other comments or suggestions would you like to be passed on to the Federal and State Governments or GMW.

.....

.....

.....

.....

.....

Better Thinking. Better solutions. **Primary.**

Part 2 - Checking back: Discussion framework for community with community

Your view of the current Connections project

- ...it has not been well managed and there is considerable frustration and anger about it
- ...the social and economic impacts of this have been substantial for many people
- ...people are uncertain about what is going on and have not been kept well informed
- ...communication has been poor and GMW has not listened to people on the ground
- ...implementation (design and construction) has often been inefficient and wasteful

Future planning priorities

Prioritising for value-for-money water savings

- ...using value for money water savings means some productive agricultural areas/farms wouldn't be connected that in the future might be need to meet growing food demand
- ...looking for value-for-money water savings might not give the best outcome for the GMID

Prioritising productive connections

- ...many people feel that productive agriculture should be the priority

Connection standard = historic water use?

- ...how you define historic water use could be limiting
- ...historic water use doesn't allow for future potential farm development
- ...delivery share, not historic water use, should determine service level

Statutory reconfiguration

- ...compulsory reconfiguration is accepted, provided the process has been clear and fair

Justify urban and irrigation supply

- ...switching to urban supply only would result in costs for those affected

Leaving existing infrastructure in place

- ...would result in future maintenance costs impacts
- ...would create a two-tier system

Honour existing agreements

- ...any written agreement should be honoured

A more sustainable irrigation system

- ...the GMID must have a sustainable irrigation future

APPENDIX 3

Indicative quotes from community feedback

2.2. The overall Connections Project approach has not been handled well

They splurged at the beginning and now the cupboards bare.

NVIRP took all the easy bits and left the hard cases.

Money has not been spent well. There has been poor planning and decision making.

The backbone continues to grow in a completely ad hoc manner.

They need a higher level vision – not local politics.

People at the top keep changing; it's like musical chairs

People have lost faith in GMW.

GMW is quite insular and secretive.

Nowhere can you find policies about things. It's all confidential.

Three reports have all been something about GMW; sick of over consultation.

Water savings have been overestimated.

2.3. Local knowledge – they do not listen to us or keep us informed

They've got something they need to push through and they're using everything to tell me I don't know what I'm talking about.

The GMW culture is led by engineers, rather than consulting or engaging with the community.

It's not on time, budget or within cost. We were never involved in the plan; it's their plan.

Don't listen to what individual owners want/need.

Are not responsive to input and suggestions from farmers about how works should be done on their properties.

They wanted their person. They're not listening to farmers. We don't want to pump; we want to use gravity.

They don't seem to listen to what the actual farmer wants. They try and bulldoze us.

We're browbeaten into using their people.

Undue pressure to sign.

GMW is not listening to locals on the ground. It went on for two years until they got the message.

Reps from GMW have no idea about agriculture or farming.

GMW are not listening to people with knowledge of their own land and agriculture.

Have tried to tell them that their plans do not work, but GMW have not listened.

No draws on knowledge of locals.

GMW is not listening enough to locals with knowledge.

2.4. Project management at the farm level has had short comings

GMW can't make decisions.

Huge inefficiency. Jobs that should be taking a few hours are taking days on end.

GMW keep calling meetings they get paid to attend; it just keeps costing us money and nothing is done.

GMW engineers are not real engineers.

Professional people trained in universities but lack hands-on experience and ability to relate.

Don't know where they find the staff – they're incompetent.

Not enough consultants have hands-on experience to deliver. We need more local knowledge and expertise.

Contractors are out of touch with reality; they're not listening.

2.5. GMW staff are well intentioned and the Connections Project concept sound

GMW staff on the ground are good but there is a lot of politics getting in the way.

Despite the problems, it is a worthwhile project. The system couldn't have been left as it was.

Must move the Project forward; how fortunate we are to have a modern irrigation system to take us into the next generation.

2.6. The social and economic impact of the Project has been high

The ability to plan ahead has disappeared.

We're propping up our farm, not our farm propping us up.

GMW's mistakes are harming the region; the flow on effects are immense.

GMW has increased the price of water dramatically, to the detriment of farmers who are not surviving. Ten thousand of 15,000 have less than 60 megalitres of water and are not viable.

The only farms that have survived are the ones that have not been sucked into modernisation.

Saga has had a bad impact on emotional wellbeing.

Has demoralised the Echuca irrigation area.

2.7. The equity issue

Why should I miss out because GMW weren't organised to do it?

The whole modernisation was about ending up better than what we had – but it isn't.

I am concerned that some people are going to be upgraded and others not.

Some irrigators are seen as receiving preferential treatment.

It feels unequal. A lot of people in the early stages because rich.

Feeling scared about a two-tier system – what does this look like?

The whole modernisation was about ending up better than what we had – but it isn't.

No trust of GMW. At the beginning of Connections they said no one will be worse off.

2.8. Project planning priorities – responses and suggestions

2.8.1. Priority 1 – Provision of connections solutions will be prioritised on the basis of their ability to deliver value-for-money water savings

It's perceived as a government grab for water; the one third share back to the irrigator has not occurred. It's all about water savings

Needs to be looked at as the long term future.

Oppose: if only 65 per cent of irrigators are connected (as per the plan assumption) along with the decline of all farming services the price of water (permanent and temporary) will send the connected irrigators broke.

I believe the Project will not save water and that the GMID has already lost too much. An additional 204 GL will result in the total destruction of our agricultural industries in the once great Goulburn Valley.

Who is going to determine the best value for money?

Yes fair. Here to save waste but be realistic about savings.

That seems to be the way to go. Greatest benefit for the least cost.

Can the water savings be truly quantified? I believe not. We are currently amongst the world's most efficient farmers, but we cannot produce milk etc. without water.

2.8.2. Priority 2 – 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

Prioritise areas with higher fertility to deliver greater production.

Yes, a lot of money has been spent on land that is never going to produce much

More focus should have been placed on soil type.

They're hell bent on decommissioning.

The primary people backing this are not operating in the best interests of agriculture.

How do you decide upon what is productive? It is very difficult.

2.8.3. Priority 3 – Connections standards will be proportional to the needs of the user as determined by historic use and where the user seeks a higher standard of service, the user will have to contribute to the cost

Disagree – we purchased our land 5 years ago and its historic water use was very low. Establishment costs have been high but we are now in a position where we are financially viable. So please do not suggest additional costs.

Historic water use measure is unfair.

It can't just go back to drought years, it doesn't apply to what this region would normally produce.

The figures are from the time of the Millennium Drought. Historic water use is irrelevant. If you are paying fees for a channel to be there, nothing matters, even if I don't use it. There's no use cutting farmers off because the next person on the block might use the water

Need a solution based on delivery share and historic water use.

It is delivery share which will determine connection, not historic water use.

Delivery share is not the be all and end all.

How far do you go back with historic water use? It depends on the affordability of water. Delivery share doesn't need to determine service level. People that have sold or still holding some delivery share. Delivery share is not the be all and end all.

Need to go back to water rights.

GMW should have addressed problems with delivery share.

There needs to be a recalibration of delivery share – particularly from dry farms.

Under historic water use, exceptions need to be available based on categories including ill health, high water use etc.

Needs to be a combination of criteria.

Should go back quite long term.

Individual current owner needs to have input and be consulted.

Historic water use measure is unfair, delivery share measure is unfair. Need to look at individual enterprises (i.e. your potential to produce).

Historic water use might penalise farmers, who made good business decisions to sell water when this was the best decision for their business in those years.

2.8.4. Priority 4 – Statutory reconfiguration powers would be used where a landowner fails to reach an agreement within a reasonable timeframe

If this project is going to get done, compulsory acquisition is going to have to happen.

Broad agreement. But, there also needs to be fair, market value compensation

Compulsory reconfiguration will force people into a high cost system that people cannot afford.

One neighbour is being pitted against another for a solution. Very uneasy about impact on neighbours.

You can't invade private property rights.

Why should people be forced to come onto a more costly system? It has to be fair.

Why should I sign something that leaves me worse off than I already am?

People who are holding out are the ones who get more money.

Should have a right of appeal.

Tricky. It all depends on why you can't get results. If blunt refusal: yes.

Bully boy tactics. Concerned. Do it with a conscience.

Need to be applied with discretion. Case by case.

2.8.5. Priority 5 – Where urban water supply is available to non-commercial users, the continuing requirement for both urban and irrigation supply will need to be justified

If you get access to stock and domestic, you have got to be prepared to pay the full cost.

If already connected, if town water was there, why not? Not a big deal.

Shouldn't be an issue.

Maybe they should pay to maintain both supplies.

2.8.6. Priority 6 – In some circumstances, the most viable solution will be to leave existing infrastructure and supply arrangements in place

Yes agree but modernise the outlet.

Leave infrastructure in place if working.

Yes sometimes. Original designers lacked local knowledge.

Not sure how system will work as a hybrid if part automated.

Flume meters are visual pollution.

Hybrid system will require a higher cost. Will also result in differing service levels.

2.8.8. Priority 8 – The delivery of the Connections Project must ensure a more sustainable irrigation delivery system

Absolutely! That is what the whole project is about. People have lost sight of this.

A MUST- isn't this the idea of the Project. Water saving is very important. Water is very precious.

Of course!

Farmers are true environmentalists; their survival depends on managing the environment effectively.

Farmers have immense knowledge of environment. Environmental impact of taking away channels has not been considered, they fed the environment, and wildlife has disappeared with the channels.

Match the sustainable farming with a sustainable system (must look at land clearing and ensure it is sustainable)

2.9. The options considered – future options for the Connections Project

2.9.1. Option 1 – Do nothing to change the Project

It needs to be finished in a way that is even and equitable.

Not an option – can't be done.

2.9.2. Option 2 – Increase duration of the Project

Five-plus years in progress. Have made contact with numerous people (MPs, GMW staff) to no avail.

They keep saying it's going to happen but we've been waiting a long time.

We'll be in an old folks' home discussing it.

The slow speed of this program is putting peoples' lives on hold.

Still not clear what we could achieve.

The delay in completing the Project is affecting the viability of my farm. I have capital works to do, but can't be done.

Yes a suite of solutions need adopting.

Extend project – go slower.

No, it has been too long and not enough done. Connect farmers that are not on the backbone.

2.9.3. Option 3 – Increase the Project budget

Feel we've been a bit lied to and isolated. They are now saying no money.

Not going to happen – shouldn't happen.

Still unclear to do what- still no plan. Need the plan.

Absolutely required, parties to original agreement must pay – if GMW is to pay means customers pay.

No people who stuffed up should pay.

2.9.5. Option 5 – Outsource all or part of the Project

Too much money has gone to contractors, who have taken advantage and been paid too much and worked inefficiently.

GMW should be dropped from the Project – corruption at the head office level is endemic.

A lot of needless work done. Even when people know what they are doing still need to go through GMW contractors.

Project should be taken off GMW and professionals put in charge.

Would be better than GMW in charge.

Need to incentivise – not to go over budget- private sector would deliver better value for money.

Use contractors if cost effective – if done efficiently.

NZVIRP and GMW should not have been put together. Should be an independent body.

2.9.6. Option 6 – Change the policy framework to clarify the Project aims

Prioritise productive agriculture. Not everybody needs modernisation – they just need maintenance.

Changed twice and hasn't changed anything.

Problem is people implementing.

Needs fine tuning then let the blokes get on with the job.

2.9.7. Option 7 – Abandon the Project

Connections is just getting rid of irrigators. We don't need it.

All properties should have connection ability – but not any more than before.

APPENDIX 4

Indicative quotes from local government

4.1. Local government perspectives on the Connections Project

4.1.1. The basis of the Connections Project is questionable

The success of the Project is measured in water savings, pulling back irrigation infrastructure. The success of the Project should never have been based on that; it should've been based on improved agricultural output. The success of the Project seems to have been based on shutting farms down.

Giving water back to the environment – the concept is flawed. The MDBA is not a good plan for agriculture. Focus on water savings has been poor from the outset. There was over allocation of water in the early days; now they're trying to fix the problem.

The problem is the Project was completely flawed in the first place. The concept of water savings maybe a good principle, but it has not worked in the best interests of the irrigators.

It's perceived as a government grab for water; the one third share back to the irrigator has not occurred. It's all about water savings.

We are now talking about what I think will turn out to be one of the most mismanaged projects in Victoria in living memory. We're going to be left with an irrigation system that is dysfunctional.

This money was to implement the Murray Darling Basin Plan, to claw back gigalitres of water but the premise was, GMW said we think we can do that and leave a modernised system behind. But, they've not made the water savings and they've not modernised the system and they're \$2 billion down the chute."

We knew there was a massive problem coming before even the water services. There's still wastage going on. The Project was based on XXX which has no hope of achieving the water savings or production increase. It's on the wrong XXX. It's a crisis out there and they're still forging ahead. It needs to be reviewed so they wastage doesn't continue."

The success of the Project is measured in water savings – pulling back irrigation infrastructure. The success of the Project should never have been based on that; it should've been based on improved agricultural output. The success of the Project seems to have been based on shutting farms down.

4.1.2. Perceptions about wastage in modernisation planning and execution

It's absurd. You wait on phone calls; people don't know the history of your case; you deal with multiple modcos. You go over the same discussion, the same thing, five times. The communication and consultation has been poor for 50-60 years. I don't write down names now because they chop and change so much.

Always have to climb the tree to get someone to call you back.

Multiple proposals. Too hard so they go elsewhere. They come around and talk you through it. You get all excited, they disappear.

First meeting six years ago, then heard nothing for years. They could have told us they put it in the too-hard basket and went off and did the easy stuff. Six years later, it's still unfinished. I haven't used a wheel for four years but I'm paying for every year. GMW said they couldn't pull it out until the whole project is done.

They spend \$250,000 on a viability study they never use. The story we've got here is that 60 to 70 per cent has gone in administration fees and the money is not there to finish the work on the ground, and now they scurrying around to cover up their tracks.

Examples of wastage: bringing in gravel/clay at cost when supplies available nearby; putting in pipes angled wrongly so undermine channel; putting metres in at wrong level/place.

Experts designing solutions that are not right.

Meters put in at the wrong level or put in at the wrong place and have had to be pulled out. The man on the ground needs to listen to the farmer before they go putting stuff in and it has to be pulled out again and replaced, wasting \$50,000.

4.1.3. There is a need to focus on productive farms as a policy priority

The on-farm works program should only have given money to A and B class soils. With the Connections Project, the ability to be productive was not taken into account.

In the whole business case, there's been no structure around where we should irrigate and the irrigators we should be looking after: the productive irrigators.

Agricultural productivity should have been pre-eminent.

4.1.4. Previous modernisation negotiation processes have been unfair

Farmers are getting different amounts for the same works. Some were offered \$20,000 to \$25,000 where others are offered \$30,000 to \$40,000 for dropping out a wheel. Seems like they're trying to get it across the line for the least possible, by trying to bluff farmers.

Some people will bargain and other nice guys will not. I would have just got worked over. They need to be more transparent; tell you what you get for what you do.

In the beginning they gave \$5,000 to get rid of a metre, even though it cost \$30,000 to \$40,000 to put it in. People aren't made aware of the costs down the line. They should put all their cards on the table. It's not supposed to be smoke and mirrors. Aggressive farmers got what they wanted and nicer people to deal with missed out.

Nearly everyone has had problems. The only happy ones are the aggressive farmers, who got in at the start.

Had they used compulsory powers, it could have been finished by now and have been fairer across the board. Better negotiators might've done better.

4.1.5. Overall lack of communication about the Connections Project and the big picture outcomes

There are misaligned expectations on what the Project will look like, a lack of real engagement and communication with our regional community by GMW (i.e. will it underpin drought resilience with a state of the art delivery system, which will attract irrigation investment and development for stronger communities?).

Need to tell us where the Project is at, what is the big picture.

The personal impact – the physical and health issues – of not knowing; the uncertainty. The sooner we know what is going to happen, the better, so at least people can make adjustments and move on. It's the not know that is having a huge impact on peoples' lives.

4.1.6. Alignment and partnership

There's a lack of planning and knowing when areas are going to be done. There's a lack of forward planning, knowing what is going to happen next year. Not knowing who to talk to. Places change all the time, contacts are shuffled. We only know something's going to happen when they ask permission to work in the road reserve. There's little communication. It's just informing us where they're going with stuff, their plans for the next 12 months to two years.

I don't think we've got anything of the channel network. That information would be really handy. We've overlays from other organisations. Just to know where things are would make a big difference.

Shires have little information on what the future land use would likely to be, there are no maps or overlays, they are not available, even internally for planners

4.1.7. The historic usage policy rule

Historic water use as a measure is unfair; a delivery share measure is unfair. Need to look at individual enterprises (i.e. your potential to produce).

4.1.8. WSC operations need attention

The WSCs have made more contact in the last 12 months than ever before. They feel they're not getting enough traction or influencing the direction. The WSCs see the shire as an avenue to government, a cry for help. The WSCs feel GMW is not listening to that. There's a lot of frustration by the WSC.

Let's make the best of it and try and finish it. The WSC has to be more involved, oversee it better.

Everyone is happy with the WSC but how much power do they have. They're a bit of a puppet for GMW, who can sack them if they don't get their own way.

APPENDIX 5

Indicative quotes from farm designers and contractors

6.1. Changing policies and payments

Set clean and concise rules and get on with it.

Get policies right, plan at beginning, it's about landowners/customers.

The Project adopted a Myki model and kept spending.

6.3. Inexperience and lack of clarity

The Project needs to communicate clear policy.

Landowners must be provided with a consistent approach.

6.4. Slow decision-making affecting progress

I've heard of projects where a relatively small over spend for approval was going to hold up an entire winter works program...and the End-to-End (E2E) manager was instructed to pull up.

Fortunately, the E2E took practical initiative to proceed with the Project, knowing the spend would be approved...Had they not done this, there'd be no winter works completed, which would have knock on effects into summer irrigation season works and subsequent winter works the following year.

The entire SCP would have been put back 12-18 months as a result....this kind of stuff is crippling the program right now.

6.5. Opportunities for staff to give project improvement feedback are lacking

We need to have the same set of rules and process and avoid at all cost the process of detailed designs being done before concept or preliminary design agreement.

6.6. Stop-start effect on resource management

Good project leadership, get it running properly, forget concept designs, go direct to farm designer and customer and get going, get back to community regularly to improve connection success.

6.8. Determining a 'fit-for-purpose' service

Those farmers have been looking at it as a tradeable commodity and a 'niche business decision'. So, selling water over last three years you have made a temporary trade business decision however irrigators are still paying heaps for delivery share in the expectation that they will irrigate their farm and require the flow rate for future use.

6.9. Existing channel delivery infrastructure

There are people out there that have never been spoken to and anything over \$4,500/ML, the Independent Value Engineering Panel says "no".

6.10. The need to prioritise SCPs and project planning

Clear objectives need to be defined, as you can't squeeze a generational change in farm and irrigation into a 10 year project time window.

If you are modernising a system for the future it is important that available funds are distributed in such a way as to enhance the outcomes for the future of the GMID. Prioritising SCPs based on an equitable and fair 'upfront processes', rather than simple metrics based on existing use, offers a better outcome, rather than suboptimal outcomes for all.

6.11. Managing the issue of connecting small rural holdings or land that requires a D&S service

Someone at the top in management, who knows the topic and subject, not someone who can talk and not deliver, needs to address the issue.

We can't design to their budget or you can't get the right connection.

6.12. Compulsory reconfiguration

The process is a joke. All customers know that this is not being used by GMW as a tool and/or an improved process to ensure after every effort has been made to provide a connection solution which is refused, by the minority, there is a clear process to determine a solution or by pass the customer in the SCP.

6.13. Communication of policy changes

Improve end-to-end communications throughout the Project stages.

Engage landowners first, set clear rules, more comms and everyone work more closely together.

One of the key outcomes of the MTR should be a clear idea of the Project principles and objectives, which need to be widely communicated and freely available to all stakeholders.

The Project should be in a position to have policy positions in all areas, (e.g. dry off compensation, flow rates to customers, connection priorities, water savings, interagency procedures and on farm works), to align with the connection project.

6.15. Resetting the Project

Define scope of SCP and the works. Lock the SCP down.

All of the resources are in the region to deliver this project. The resource is underutilised and the delivery model is the reason behind this. Unlocking the red tape and changes in policy within GMW Connections will allow resources to focus on project delivery. Currently it is too fragmented.

Delivery of big projects sometimes needs to be done with an 80 per cent complete solution. Then get into building it and the balance will work itself out during construction. A D&C type delivery model would be effective in making this happen

No funding for farmers, set rules and allow contractors to provide cost efficiencies.

Stop messing with the process and get on with it.

Run it like a project, not a freeway and expect more money.

APPENDIX 6

Indicative quotes from customers with completed modernisation works

7.1. The outcome has been excellent

We have 80 hectares of land completely transformed. It's saving lots of water.

The changes will have a positive impact on operations.

7.2. GMW is well intentioned and the Connections Project is challenging

There are good people in there trying to do a good job but I think they're a bit under skilled and the decision makers keep changing decisions. That's not helpful.

GMW had to get the best outcome with the rules they had and they've probably done that but it's been to the detriment of the Project as a whole.

It's a very difficult project, everyone has to recognise that.

7.3. The process needs improvement in terms of time taken

It could've been done so much better, for a far better outcome. We've been mucking around for five years; we had quotes five years ago.

Yes, we're happy with what we're getting but the process is frustrating – the time. Three years since first signed contract; been waiting on others and for works to be scheduled.

Most farmers want to do the Connections Project. It's just too long a process. We need to iron that out, to stop the toing and froing between modcos and designers. We were very proactive but we still had the toing and froing that went on. And, in the end, we came to the same result as we knew we would, in the first place.

7.4. Irrigator input is needed at the planning stage

They've done what they want to do, not listened to us.

We were sick of fighting them, in all honesty. They were not going to listen and just do what they wanted anyway. It was either get on board or we don't do it.

7.5. Information on the process

The rules not very published. If you're not proactive and knowledgeable, it's hopeless.

The farm designers haven't known what rules are because they keep changing.

7.6. Outsourcing is not really a good option – contractors have limitations

They're tried that before; it didn't work. Having the Project where it is, it's in the right spot; it just needs to be managed properly.

Suggest outsourcing more responsibility to farm designers, and reducing the modco sway. Be careful of gold plating and private companies driving costs out of control.

No, the other people could come in and make a mess.

The contractors drive past here every day but don't stop to talk to the farmers and we can't get on site because it's a construction site. It's communication, that's what it comes down to.

7.7. Focus on productive land

Pay people fairly to dry off or leave and modernise by productivity/suitability.

Non-productive farmlets/hobby/lifestyle farmers have been hooked up at the cost of hundreds of thousands of dollars despite not producing anything even though they would've sold their water off for a reasonable offer and moved to on farm tank systems. "It would've been cheaper than putting in a pipeline, which has been there for 12 months and never been used.

The Project can't afford to compensate farmers for drying off. That doesn't mean it shouldn't happen. The cheapest option might not be to vest for the area. Building pipelines and connecting properties, if they're not using them, what's the point? Farmers want to be connected because they don't want their land value to go down.

Wouldn't be very fair on family farms. Small family farmers would miss out. Should be allowed the same efficiencies as larger farms.

7.8. Compulsory reconfiguration powers needs to be used carefully

Balancing protection for farmers for whom plans are wrong solution for property vs. forcing the obdurate to move ahead for the common good.

7.9. The Connections Project must go ahead

Good supply allows improvements on farms. Water is too valuable to waste. The Project shouldn't be abandoned; it needs to go head. We need to be more efficient with our water. There are still a lot of people who are not watering very efficiently.

It would create a two tier farm system. No one wins.

