

# NSW Statement of Reasons: Murrumbidgee Irrigation Urban Channels Pipeline Project

Resilient Rivers Water Infrastructure Program

November 2024

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# Acknowledgement of Country



Department of Climate Change, Energy, the Environment and Water acknowledges the traditional custodians of the land and pays respect to Elders past, present and future.

We recognise Australian Aboriginal and Torres Strait Islander peoples' unique cultural and spiritual relationships to place and their rich contribution to society.

Artist and designer Nikita Ridgeway from Aboriginal design agency – Boss Lady Creative Designs, created the People and Community symbol.

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# 1 Project details

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|---|---|
| Name  | Murrumbidgee Irrigation Urban Channels Pipeline Project |
| Location                                      | 86 Research Station Rd, Griffith NSW 2680               |
| Proponent                                     | Murrumbidgee Irrigation Ltd                             |
| Commonwealth funding sought                   | \$62,249,335  |
| Water recovery for the environment (estimate) | 2,541 ML  |

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## 2 Project summary

Murrumbidgee Irrigation is proposing \$62,249,335 for piping and rationalisation of urban channels, funded as ‘eligible activities’ under the Resilient Rivers Water Infrastructure Program that will achieve 2,675 ML of water savings, of which 2,541 ML of water entitlement will be provided for the environment. The Murrumbidgee Irrigation Urban Channels Pipeline Project involves replacing 47.4 km of aging concrete and earthen urban supply channels, as well as 1.4 km of leaking pipeline in the Leeton and Griffith areas, with 47.5 km of new pipeline. The project also includes treatment of 703 outlets/structures (including the rationalisation of 33 escapes) and reconfiguration of the network to create greater delivery efficiency.

The project will reduce the conveyance losses associated with supplying water to irrigators, stock and domestic customers and urban townships, as well as enhancing urban community socio-economic outcomes.

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## 3 NSW decision

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

The NSW Resilient Rivers Water Infrastructure Program Expert Panel (the panel) reviewed the project supporting documentation and analysis against the socio-economic criteria agreed to by the Murray-Darling Basin Ministerial Council and determined the project would deliver a net neutral or positive socio-economic outcome.

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## 4 Summary of key steps

The NSW Government worked with Murrumbidgee Irrigation between January 2023 and April 2023 to develop a project proposal for the Murrumbidgee Irrigation Urban Channels Pipeline Project.

At a meeting held on 19 May 2023 the panel reviewed the project proposal. The panel includes water experts from the NSW Department of Climate Change, Energy, the Environment and Water, experts in socio-economic analysis both from within the NSW Government, an independent advisor and an independent probity advisor. The panel considered the information prepared by Murrumbidgee Irrigation when making its recommendation.

The panel endorsed the Statement of Reasons on 5 June 2023 and the Steering Committee approved the proposal to be submitted to the Australian Government on 19 June 2023.

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## 5 Reasons for the decision

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### 5.1 Impacts on the region

The project will provide economic benefits to the local regional economy through local purchasing and employment opportunities and will have flow on benefits throughout the regional community. During the construction phase there will be a direct increase in output resulting in an increase in the demand for intermediate goods and services.

Broadly, the socio-economic benefits of this project can be broken into 4 categories: increased access, local employment, liveability and safety.

The proponent's submission asserted the following benefits:

- significantly increasing customer service levels and system capacity through precise water control and delivery throughout the supply network
- enhancing socio-economic outcomes by supplying water for urban green spaces, as well as providing the opportunity for local councils to deliver improved infrastructure in the form of pedestrian paths and community access
- reducing mosquito-borne diseases by eliminating open water sources for breeding in and around urban areas
- enhancing road safety through the elimination of roadside open, urban channels
- increasing regional productivity through water use efficiency
- providing further security of water supply to towns and industry by allowing residents to connect to a raw water pipeline supply, thus reducing the burden on town water supply
- improving roadside drainage and reducing road maintenance
- further enhancing delivery efficiency, building on existing outcomes from funding through the Private Irrigation Infrastructure Operators Program and the Murrumbidgee Irrigation Automation Finalisation project under the Off-Farm Efficiency Program
- investing in regional communities through local contractors with around 75% of capital expenditure projected to flow to regional contractors and suppliers.

The panel reviewed the provided materials and noted that requirement of the program's socio-economic test is to determine if the proposal results in a neutral or positive impact, rather than to make a determination on the quantum of these costs and benefits.

The panel considered the documentation and analysis provided and supported the proposal as likely to result in a neutral or positive impacts to the region and would not impact on water markets.

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## 5.2 Eligibility

The NSW Government determined the project is eligible under Stream A of the Australian Government's Resilient River Water Infrastructure Program guidelines which state that projects that are 'installing new, or upgrading existing, irrigation infrastructure and technology in water delivery networks for the purpose of supplying water to irrigators' are eligible projects.

The project will return 2,541 ML of high reliability (Murrumbidgee Conveyance) water entitlement to the Commonwealth Environmental Water Holder. The water savings have been acknowledged as real savings and can be returned by June 2027 and represent a portion of the water savings created through the project.

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## 5.3 Value for money

The public consultation process raised some concerns regarding the value for money for the proposal. The concerns centred around the cost of the water being returned to the environment compared with water purchased from the open market.

To inform the panel's review, economic impact modelling and an independent cost-benefit analysis was undertaken. The modelling investigated the direct impact of the project to the local areas of Griffith and Leeton and suggests the flow on impacts of local procurement and employment will result in positive economic outcomes for the region.

The cost-benefit analysis indicated a net benefit from the project. The panel noted that the analysis did not include avoided road maintenance costs as this information was not available at the time of the analysis but is expected to provide a material benefit stream. The panel indicated that given a number of socio-economic benefits were unable to be qualified for the analysis, it is reasonable to expect positive net benefits for the project and the NSW Treasury's central discount rate.

The panel also noted that the capital costs seemed reasonable for this type and size of project.

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

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## 5.4 Community and industry engagement

The socio-economic assessment for this project was published for public feedback on 24 April 2023 and closed for comments on 5 May 2023. The response rate was very low with only 7 responses received. The feedback was received from 6 stakeholders not affiliated with a specific stakeholder group and one response was received from a local irrigator.

Of the 7 responses, one respondent strongly agreed that the project would result in positive socio-economic outcomes, and 5 responses either disagreed or strongly disagreed that the project would result in positive socio-economic outcomes. Key concerns were the amount of water to be returned to the environment, the overall value for money, and how the share of water to be returned to the environment was calculated. Responses also noted the positive impacts of returning water to the environment and benefits of the project to the region both directly and indirectly.

The panel noted the divergent views represented.

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## 5.5 Cultural and environmental considerations

Environmental and cultural factors were considered in the design of the proposal. All activities will be undertaken in the Murrumbidgee Irrigation system, not on-river, and will not negatively affect river health. The proposal will result in more water for the environment which will impact positively on river health.

The panel noted that the project does not have a negative impact social and environmental outcomes as a whole. There are several positive benefits such as reducing the risk of mosquito borne diseases and deaths related to swimming and road incidents. Negative aspects may include less access to water for native animals particularly during dry periods.

The project proposal acknowledged the prior use of the land by First Nations people. The pipeline design utilises existing channel reserves and previously disturbed areas which decreases the risk of any impacts to cultural artefacts. However, full assessments will be required as part of construction and environmental management plans for each individual sub project.

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## 6 Next steps

The project proposal will be submitted to the Australian Government for assessment. The Australian Government will consider the application and make a recommendation to the Minister for Resources and Water on whether to provide funding for the project.

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## 7 Further information

For further information regarding the Resilient Rivers Water Infrastructure Program:

- visit [water.nsw.gov.au/resilient-rivers](https://water.nsw.gov.au/resilient-rivers)
- email [winsw.programs@dpie.nsw.gov.au](mailto:winsw.programs@dpie.nsw.gov.au)
- call 1300 081 047.