



Auditor-General for Australia



8 March 2016

The Hon Dr Sharman Stone MP  
Federal Member for Murray  
PO Box 884  
SHEPPARTON VIC 3632

Dear Dr Stone

**Request for an audit of the Goulburn-Murray Water Connections Project Stage 2**

I am writing in relation to your letter of 18 February 2016 requesting an audit of the Goulburn-Murray Water Connections Project Stage 2 (GMWCP2).

On the basis of the matters outlined below, particularly the number of previous investigations and reviews undertaken, the public release of relevant findings and the commitment of the Commonwealth and Victorian State governments to take improvement action, I do not intend to commence an audit at this time.

As you have outlined in your letter, the GMWCP2 and earlier Northern Victoria Irrigation Renewal Project (NVIRP) have been subject to an investigation by the Victorian Ombudsman and a subsequent mid-term review by a consultant engaged by the Commonwealth and Victorian governments, with the findings of this more recent review publicly released in November 2015. You may also be aware of an earlier 2010 audit conducted by the Victorian Auditor-General that examined aspects of NVIRP.

The recent mid-term review of the GMWCP2 found that:

- the project's current operating environment has changed significantly from what was originally envisaged and some of the project's original assumptions are no longer valid; and
- on current performance, the project will not achieve the outputs, outcomes and aims specified in the Project Schedule by 30 June 2018, nor within the existing budget if the project continued as it was being implemented.

The mid-term review concluded that it would be appropriate to 'reset' the project to better orient it to respond to current project risks, with eight suggested actions outlined for the parties to the project (the Commonwealth, the Victorian Department of Environment, Land, Water and Planning, and Goulburn-Murray Water) to take to achieve that end. The Commonwealth

and Victorian governments have accepted the review's key findings and have committed to consult with stakeholders and to change aspects of the project to support the achievement of its objectives. Of note is the recent announcement that a Project Control Group has been established to assume responsibility for the day-to-day management of the project from Goulburn-Murray Water.

In these circumstances, the value that an audit could bring at this time would invariably be limited. Further, given the ANAO's primary focus on the administration activities of Commonwealth entities, an audit of the activities of the Australian Government Department of Agriculture and Water Resources would not directly address the matters raised in your letter, namely those relating to probity and accountability within the former delivery entity (Goulburn-Murray Water).

Yours sincerely

A handwritten signature in black ink, appearing to read 'G. Hehir', with a large, sweeping flourish at the end.

Grant Hehir  
Auditor-General