



The Hon Dr Sharman Stone MP
Federal Member for Murray

Thursday 18 February 2016

Mr Grant Hehir
Auditor General
grant.hehir@anao.gov.au

Dear Mr Hehir

I request an urgent audit of the \$1 billion of federal funding for the Goulburn Murray Water Connections Project 2 (GMWCP2).

The Victorian Ombudsman's investigation into Stage 1 of the project (NVIRP) found some serious issues;

My investigation identified that poor procurement processes by NVIRP resulted in significant public money being spent without open and transparent tender processes. In one case NVIRP paid a company \$77.2 million without a public tender process. Further issues were identified in failures by NVIRP to adopt public sector values of transparency, privacy, impartiality and accountability.

However, I and my constituents have observed that Stage 2 (GMWCP2) has not improved and the Midterm Review into GMWCP2 released in November 2015 concurred, finding so many issues, including issues of probity, with the project that it required the project to be "Reset". The Review identified that the project had been based on false assumptions and did not include any reference to the impact on stakeholder's viability or the viability of the whole of the irrigation system.

I stress that this needs an urgent audit, given so many otherwise viable farm enterprises are being pushed out of business as the irrigation supply networks are removed.

The \$1 billion from the federal government was intended for the transfer of 204 Gegalitres (GLs) out of the Goulburn Murray Water (GMW) irrigation system to the Commonwealth environmental Water Holder (CEWH). The system now holds only 900 GLs having been reduced from 1600 GLs over an area bigger than Tasmania.

GMW has calculated that at less than 900 GLs the system is no longer viable.

I urgently request an audit which will formally identify any shortcomings in the adoption of public sector values, transparent tender processes and accountability.

Yours sincerely

Hon Dr Sharman Stone