

Submission
No 40

**INQUIRY INTO RATIONALE FOR, AND IMPACTS OF,
NEW DAMS AND OTHER WATER INFRASTRUCTURE IN
NSW**

Organisation: Peel Valley Water Users Association Inc.

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Peel Valley Water Users Association Inc

The only organisation that represents the Irrigation Industry in the Peel Valley

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Submission to the Portfolio Committee No. 7
Planning and Environment, Parliament House,
Macquarie Street, Sydney NSW

On the Rationale for, and impacts of,
new dams and other water infrastructure in NSW

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Introduction

The Peel Valley Water Users Association is a non-aligned entity representing the interests of about 400 irrigation licence holders in the Peel Valley. The Peel Valley is a comparatively small (but highly productive) valley located in the district surrounding Tamworth. Irrigation in the Peel Valley is used to support a variety of agricultural businesses – principally a fodder industry based on quality lucerne hay and other fodder products, a dairy industry, a burgeoning equine industry, a poultry industry, and fodder production for various livestock and stud stock enterprises. A number of local businesses in the Tamworth area are dependent on the irrigation industry, particularly during dry times.

We are grateful for this opportunity to express our views to the members of the Committee on the topic of the impacts of the new Dungowan Dam.

The biggest concern facing irrigators in the Peel Valley regarding the new Dungowan Dam is the lack of information about the new Dam. At the time that this submission was prepared, no disclosures have been made regarding the future ownership and operation of the dam, nor other issues that are relevant to irrigators such as -

- (a) possible access to any additional water for irrigation in the Peel Valley, and
- (b) possible increases in either entitlement charges or water usage charges for irrigators in the Peel Valley

Those irrigators who will be most impacted by the new Dungowan Dam are those who are located on the Dungowan Creek, before its junction with the Peel River at Dungowan. We are aware that the Dungowan Creek Water Users Association intends to lodge their own separate submission to the Inquiry, and we support their position on the matter.

This submission is being lodged on behalf of irrigators in the wider Peel Valley – specifically those located both downstream of the junction of the Dungowan Creek and the Peel River, and those Peel Valley irrigators who are located between Chaffey Dam and the junction.

Basically, we support the concept of constructing the new Dungowan Dam, because we support any action to conserve water in the inland regions of NSW. However, whether the new Dungowan Dam is the best value for money option in terms of shoring up the water supply for the residents of Tamworth Regional Council is a whole different matter, and it is not dealt with in our submission because it is outside the terms of reference for the Inquiry.

Areas of concern for Peel Valley irrigators

1. Possible access to any additional water for irrigation in the Peel Valley

It is not clear whether any additional water may be made available to Peel Valley irrigators as a result of the construction of the new Dungowan Dam.

Nor is it clear whether

- (a) Tamworth Regional Council (TRC) will be granted a new licence to access additional water from the new dam, or
- (b) TRC's existing Water Utility licence to access water from Chaffey Dam will be shared across both dams once construction of the new dam is completed.

If Water NSW (and not TRC) is the owner and operator of the new dam, and if TRC will be required to share its existing licence across both dams (or alternatively transfer part of its existing licence from Chaffey Dam to the new Dungowan Dam), the question arises whether some quantity of water will become available from TRC's current entitlement in Chaffey Dam. If any water becomes available in Chaffey Dam as the result of this process, will that quantity of water then become available to Peel valley irrigators?

Following the recent review of the Peel Regulated River Water Sharing Plan, it is not clear exactly how the start-of-season "allocation" (Available Water Determination) will be calculated for general security water users in future. We are currently attempting to clarify the rules, but as TRC will have access to two separate storages after completion of the new dam, the argument is that TRC will not require as much water to be stored in Chaffey Dam. Therefore, the calculation of the start-of-season AWD should be amended to take account of this fact once construction of the new Dungowan Dam is completed. This should result in a greater start-of-season AWD announcement for Peel River irrigators after the completion of the new Dungowan Dam.

Access to water is an important issue for Peel valley irrigators because although the total entitlement of all general security licence holders is 31,000ML, the annual extraction limit (LTAAEL) set by the Water Sharing Plan is 6,100ML – just 20% of total entitlement. Further, when Chaffey Dam is at 40% capacity, general security licence holders receive zero AWD, gradually increasing to an AWD of 22% when Chaffey Dam is at 60% capacity. Given that the original purpose of Chaffey Dam was *'the regulation of the natural flow of the Peel River to meet irrigation, stock and domestic requirements in the Peel River Valley and to augment the water supply for the city of Tamworth'*, the current method of calculating the start-of-season AWD provides no level of security for irrigation businesses in the Peel Valley.

2. Possible increases in either entitlement charges or water usage charges for irrigators in the Peel Valley

It is not clear how the costs of constructing and operating the new Dungowan Dam will be recovered. If Water NSW will be the owner and operator of the new Dungowan Dam, their general policy has been to recover costs on the user pays principle, on a valley-by-valley basis.

But if no additional water will be available to Peel Valley irrigators following the construction of the new Dungowan Dam, then no construction or operating costs should be apportioned to the irrigators.

And the same argument applies to charges from Chaffey Dam – if TRC is required to share its existing licence across two dams, or if TRC is required to transfer part of its existing licence from Chaffey Dam to the new Dungowan Dam, then TRC might argue that these arrangements should decrease its charges from Chaffey Dam. But if neither of these arrangements provides any additional water for irrigators from Chaffey Dam, then there is no valid argument to transfer any part of TRC's costs to the irrigators if they receive no increase in the availability of water as a result of TRC's licencing arrangements.

The Peel Valley irrigators know what excessive water charges feel like – in 2016-2017, the general security water usage charge in the Peel Valley was \$58.26/ML, compared to \$4.36/ML in the Murrumbidgee. It took decades to win what was a clear-cut argument, but this Association eventually convinced IPART that the excessive charges were resulting in decreased water usage, and the water usage charges in the Peel Valley were eventually adjusted to be comparable with adjoining valleys.

The Peel Valley irrigators are not willing to accept any additional charges either directly or indirectly as a result of the construction of the new Dungowan Dam – unless there is a commensurate increase in the quantity of water made available to irrigators.

3. Possible Increase in charges for TRC ratepayers

It is not the responsibility of this Association to argue the case for residential ratepayers in Tamworth, in the event of possible increases in charges as a result of the construction of the new Dungowan Dam.

However, all irrigators in the Peel Valley are ratepayers of Tamworth Regional Council – (a point which is routinely overlooked by both Councillors and TRC staff).

If there is any increase in charges to ratepayers as a result of the construction of the new Dungowan Dam, then no portion of those increased rate charges should be levied on irrigators, as they are based in rural areas - usually miles from the town boundary, and therefore miles away from the town water supply.

TRC generally adopts the “user pays” policy to apportion costs, and the rates paid by rural landholders who receive no benefit from the new Dungowan Dam should remain unaffected by any cost recovery policies that may be implemented by TRC.

4. Environmental water

Reports in the media have indicated that a portion of the water that will be stored in the new Dungowan Dam will be dedicated to the environment. If those reports are correct, we disagree with the proposal to quarantine a portion of the stored water for the environment on the following grounds:

- (a) Prior to the construction of the original Dungowan Dam in 1958, Dungowan Creek flowed when there was rainfall and dried up when there was no rain. The natural cycle for Dungowan Creek was to follow the famous Dorothea Mackellar's description of droughts and flooding rains. There was no environmental flow, and nature took its course. It is illogical to claim that releasing environmental flows "mimic the natural cycle", because releasing environmental water to artificially create a wet environment does not "mimic the natural cycle" at all.
- (b) During TRC's operation of Dungowan Dam, Dungowan Creek regularly ran dry when there was no rainfall – because TRC did not release any water once Dungowan Creek was below 50% capacity. If it was acceptable to have no environmental flow for around 60 years of the life of the original Dungowan Dam, and thousands of years prior to that, what is the justification for introducing an environmental flow to artificially create a wet environment now?
- (c) There is no valid argument that the Peel Valley requires any additional environmental water. Prior to the introduction of the Peel Water Sharing Plan in 2010, departmental figures showed that the irrigators and TRC combined used 4.6% of the total average annual end of stream flow in the Peel River. Therefore, more than 95% of the flow in the Peel River already went to the environment. When the Peel Water Sharing Plan was introduced, an Environmental Contingency Allowance of 5,000ML annually was provided from the augmented Chaffey Dam. Since the introduction of the Peel Water Sharing Plan, a further 1,257ML of water annually has been acquired by the Commonwealth Environmental Water Holder from Chaffey Dam. We dispute that 6,257ML annually of environmental water is actually required in the Peel Valley, considering that prior to the Water Sharing Plan 95% of the water in the Peel River was already going to the environment. We also dispute that the 6,257ML is genuinely environmental water, because once it leaves the Peel River system and joins the Namoi River system it is available for extraction by Namoi water users. Rather than increasing the amount of water already going to the environment by releasing environmental water from the new Dungowan dam, a thorough investigation into the justification of the need for the existing level of environmental water should be undertaken. Regardless of our opinion, we suspect that a requirement for environmental water will be imposed on the new Dungowan Dam. If that is the case, at least a corresponding reduction in the need for environmental water from Chaffey Dam should be introduced.
- (d) There is an argument that the ongoing release of 'environmental water' during dry times actually causes damage to the environment - because dry river banks are often undermined by the unseasonal flows, and then collapse into the stream.

Conclusion

Whilst we support every effort to store more water in inland NSW, we are not confident - from the information that is currently available - that the new Dungowan Dam will make a material difference to the water security for the City of Tamworth. This is particularly the case if Tamworth Regional Council proceeds with its current intention to double the existing population of the Tamworth area by 2040.

It is vitally important that irrigators in the Peel Valley are provided with more information about the impacts of the new Dungowan Dam than has been made publicly available to date. Irrigators in the Peel Valley are currently operating in a void regarding the impacts of the new Dungowan Dam, and therefore it is not possible to make proper long-term business decisions.

We are also concerned that the construction of the new Dungowan Dam will result in substantially higher charges for the irrigation industry in the Peel Valley, but without any corresponding benefits. It would be unacceptable if the water usage or entitlement charges for irrigators in the Peel Valley were increased, if the sole beneficiary of the new Dungowan Dam was Tamworth Regional Council.

We invite any questions from members of the Committee at any time, and we are willing to appear before the Inquiry to provide further details if required.