

Peel Valley Water Users Association

PO Box 952, Tamworth NSW 2340

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SC

Mr Tony Windsor MP
Member for New England
PO Box 963
Tamworth NSW 2340

25 January 2011

Dear Mr Windsor

Re: MDBA Basin Plan – the effect on the Peel Valley and the Tamworth region

Your attention is drawn to the attached documentation which outlines our concerns with the probable outcomes of the MDBA process for the Peel Valley and the Tamworth region.

If the reduction in access to water that is proposed under the Guide in the Namoi Valley is also applied to the Peel Valley, the irrigated farming activities in the Peel Valley will become unviable and forced to cease in due course, because of our unique high entitlement to use ratio.

The net gain in water for the environment from the proposed reductions in the Peel Valley is about 6GL, of which about half is groundwater. Therefore, for an insignificant gain for the environment of approximately 3GL the whole irrigation industry and associated business activity in Tamworth will be closed down.

However, the Peel Valley Regulated Water Source already contributes 95% of it's long-term average annual flow to the environment and downstream users, **after** the irrigators and Tamworth Regional Council's requirements have **both** been met. How much greater contribution does the environment and the MDBA need?

To date, MDBA representatives have been dismissive of our concerns. Furthermore, the consultant undertaking the study into the social and economic impacts has been allocated around four weeks to complete an analysis of the impacts of the Plan on the Namoi Valley, the Macquarie Valley, and Bourke. Clearly, little more than lip service can be paid to the impacts on the Peel Valley and the Tamworth region within that timeframe.

Intervention is required as a matter of some urgency, because there is no logic behind the proposed changes for the Peel Valley, and the consequences of the changes are not being taken seriously by the MDBA. What is required is a scientifically determined sustainable diversion limit for the Peel Valley, **separately** from the Namoi Valley. If it is not your role to intervene in this process and radically change the outcome on behalf of the irrigation industry in the Peel Valley and the businesses of Tamworth, then we seek your advice as to whom we should approach, and we require your assistance as our Local Member to urgently make this possible.

Yours sincerely

Ildu Monticone
President

Peel Valley Water Users Association
Summary of the concerns with the MDBA's approach for the Peel Valley
and the consequential impacts on the Tamworth region

1. The net environmental gain from the proposed reductions in access to water in the Peel Valley is insignificant
2. The Peel Valley Regulated Water Source already contributes 95% of the long term average annual flow to the environment and downstream users.
3. The effect of the proposed reduction in access will affect the Namoi Valley, but the proposed reduction will close down the irrigation industry in the Peel Valley.
4. Given the above facts, the MDBA has not provided any reason why reductions in access are required in the Peel Valley
5. The Peel Valley should be recognised as a separate entity to the Namoi Valley, and treated entirely differently to the Namoi Valley under the MDBA Plan, because the valleys are completely dissimilar.
6. The Plan will inflict economic pain in the Tamworth region that is out of proportion to the environmental gain.
7. The Peel Valley is being unfairly penalised for the malpractices in other irrigation areas.
8. The environmental requirements of the Plan are suspect from the outset
9. It is impossible for the consultant engaged by the MDBA to perform a meaningful analysis of the impacts of the Plan on the Peel Valley and the Tamworth region in the available timeframe.
10. We have invited the MDBA to challenge any of our statements about the impact of the Plan on the Peel Valley, but they have not accepted that invitation.
11. The "Sustainable Diversion Limits" are not what they claim to be.
12. The MDBA accepts that there are seriously wrong figures and errors of double counting in the "Guide to the Basin Plan", but they have been unwilling to correct the data or accept the fact that the errors have enormous consequences.
13. The House of Representatives Regional Australia Committee Inquiry only selectively publishes the submissions on their website. At 19th January, 307 submissions, or 57% of all submissions received, remain unpublished and are shown as "authorised to be published in due course".
14. Mental Stress
15. "Bridging the Gap" is not a solution for the Peel Valley
16. Entitlement

Peel Valley Water Users Association

Background information supporting each of the concerns with the MDBA's approach
for the Peel Valley and the consequential impacts on the Tamworth region

1. The net environmental gain from the proposed reductions in access to water in the Peel Valley is insignificant

If the Peel Valley sustains the proposed cuts that are possible under the Guide to the Plan, there will be a negligible additional contribution to the environment, yet irrigated production in the Peel Valley will be effectively eliminated, with consequent effects on the irrigation related businesses in the district.

The farmers in the irrigation belt provide a buffer for businesses against dry years, by providing reliability and an average smoothing effect which is vital for businesses such as Seed, Fertiliser and Chemical, Farm Machinery Dealers, Livestock Industries, Irrigation Dealers, Abattoirs, Transporters, Dairying, Feedlots, General Retail and Service providers, Repairs, Parts supply, Fuels and Lubricants.

The maximum possible gain in water for the environment from the Peel Valley under the Plan is less than 6GL.

This figure is made up of a 25% reduction in access to the existing regulated surface water diversion limit of 15.1GL (ie 3.7GL) plus the reduction in access to the existing groundwater diversion limit of 9.3GL down to 7.3GL (ie 2GL) – a total of 5.7 GL. That figure also assumes that the reduction in groundwater is released downstream for the environment, which is clearly not the case, so the maximum effective environmental gain in practical terms is only 3.7GL.

It is impossible to understand why the MDBA would deliberately destroy the livelihoods of the irrigated farming community and the dependent business community in the Peel Valley for an environmental gain of just 3.7GL.

Also, it is impossible to understand why the MDBA would follow this course when the Peel Valley already meets environmental needs and contributes 252 GL on average annually, after all extractive use, to the environment and down stream water users - a minimum of 95% of the long-term average annual flow.

This is an absolutely insignificant gain to an existing contribution to the environment that is already massive compared to consumptive use.

2. The Peel Valley Regulated Water Source already contributes 95% of the long term average annual flow to the environment and downstream users.

The Peel Valley Regulated River Water Source already contributes 95% of the long-term average annual flow to the environment and downstream users, **after** the irrigators and the City of Tamworth's requirements have **both** been met. This is before reductions to access which were imposed from 1st July 2010 under the Water Sharing Plan have begun to take effect, so there will never be less than 95% of the long-term average annual flow available to the environment.

It is our contention that if all other valleys had a similar level of environmental contribution to that of the Peel Valley, no MDBA Basin Plan would be required. In other words, the Peel Valley is already doing more than its fair share towards the benefit of the environment and downstream users in the Basin, and no justification has been provided for any reduction in access.

3. The effect of the proposed reduction in access will affect the Namoi Valley, but the proposed reduction will close down the irrigation industry in the Peel Valley.

It is not clear exactly what the proposed reduction from the current diversion limit will be for the Peel Valley under the Final MDBA Plan.

It is staggering that the MDBA expects a reasoned response from stakeholders to the proposed reductions in access to water, yet at the same time the MDBA is unwilling or unable to specify exactly what the proposed reductions will be, or how they have been calculated.

If the figures in the document titled "Summary of the Namoi Region" are reliable, the Peel Valley will sustain a reduction of between 21% and 27% from the existing diversion limit. Assuming an 25% reduction, the extraction limit set in the Water Sharing Plan (which took effect from 1 July 2010) will reduce from 15.1 GL to 12.3 GL. But because Tamworth City's access to water will not be cut, the General Security water users will therefore bear the whole of the reduction, and as a consequence their access to water will be reduced to about 2.6GL – which is only about 8% of the total existing entitlement of 31,000ML.

Because 12.3GL is well below the Long Term Average Annual Extraction Limit of 15.1GL in the Peel Water Sharing Plan, a breach of the extraction limit will occur, and as a consequence irrigators will, over time, have their access cut from 1 ML per unit share to around 0.08 ML per unit share. Regulated Surface Water irrigation in the Peel Valley is clearly unsustainable at this level.

4. Given the above facts, the MDBA has not provided any reason why reductions in access are required in the Peel Valley

Based on the foregoing facts, the MDBA has provided no justification to the water users of the Peel Valley, for the proposed reductions in access to water for the Peel Valley under the "Guide to the Proposed Basin Plan".

5. The Peel Valley should be recognised as a separate entity to the Namoi Valley, and treated entirely differently to the Namoi Valley under the MDBA Plan, because the valleys are completely dissimilar.

The Peel Valley should have a separate Sustainable Diversion Limit to the Namoi Valley, and it should be scientifically based, for the following reasons -

- The precedent has long been set, in that the NSW Office of Water, State Water, and IPART have always treated the Peel Valley separately from the Namoi Valley in all respects, including water pricing
- The Peel Valley has a separate Water Sharing Plan to the Water Sharing Plan for the Namoi Valley
- The Peel Water Sharing Plan has an environmental contingency allowance factored into the plan, and when Chaffey Dam is enlarged 5GL per annum will be allocated to an environmental contingency allowance. There is no environmental contingency allowance included in the Namoi Water Sharing Plan.
- All of the IQQM Modelling has been done for the Peel Valley separately from the modelling for the Namoi Valley
- In the MDBA document titled "Summary of the Namoi Region", the MDBA has itself identified the Peel Valley Alluvium as a separate groundwater source to those of the Namoi Valley (and please note - in percentage terms the MDBA has proposed equal highest reductions in the Peel Valley Alluvium, while 7 other groundwater sources listed in the document remain intact with a "nil" reduction)
- The Peel River has Chaffey Dam near its headwaters as its only storage facility. The Namoi River has Keepit Dam as its major storage facility, with Split Rock Dam also feeding any surplus water into Keepit Dam. Chaffey Dam is operated totally independently of the dams

in the Namoi Valley, and because no water from Chaffey Dam is captured in any Namoi Valley storage, Chaffey Dam is a stand alone facility with a completely different management regime from the dams in the Namoi Valley.

- The Peel Valley irrigators share Chaffey Dam with the City of Tamworth – one of the state’s major inland regional cities, but there is no town in the Namoi Valley that draws its water from the Namoi River. This fact alone sufficiently differentiates the Peel Valley from the Namoi Valley to justify continuation of the existing separate treatment, under the MDBA Plan
- The irrigation characteristics of the Peel Valley are distinctly different from the Namoi Valley – for example - in the Peel Valley the main crops and pastures are **perennial**, the farms are smaller, the irrigation licences are smaller, the pump sizes are smaller, the irrigation methods are different (eg the use of spray lines, underground drip irrigation, centre pivots or lateral booms as opposed to open channels and furrow irrigation), and there are no known on-farm storage dams in the Peel Valley, (whilst the Namoi Valley is full of them).
- The characteristics of the two rivers are distinctly different – the Peel River has a significant drop in elevation from Chaffey dam to the junction with the Namoi River, and therefore it flows relatively quickly; whilst the Namoi River generally flows more slowly through the open and flatter plains country of the Namoi Valley.
- Irrigator behaviour is quite different in the two valleys, as recognised in the IQQM process – in the Peel valley, water use increases and rainfall decreases, whilst in the Namoi Valley, water use increases as dam storages increase (virtually the opposite)

Therefore, we are seeking a commitment from the MDBA to treat the Peel Valley separately from the Namoi Valley, and produce a Sustainable Diversion Limit for the Peel Valley – one that is separate from the Namoi Valley, and one that is scientifically established, and not an arbitrary guess at what the correct figure could be, or historical use minus a random percentage figure.

6. The Plan will inflict economic pain in the Tamworth region that is out of proportion to the environmental gain.

The MDBA has not questioned our projection that the irrigation industry in the Tamworth region will be closed down for an environmental gain of around 3GL. The MDBA has not undertaken a fully researched study into the economic or social impacts of the Plan on the business community of the Tamworth region, nor the impacts on the social infrastructure, so therefore the MDBA cannot have any comprehension of the true impacts of the Plan in the Tamworth area.

The quantity of about 3GL is an infinitesimal gain in terms of the overall Basin Plan requirements; the 3GL is being wrenched away from a valley that is amongst the most environmentally sound valleys in terms of contribution to the environment compared to consumptive use; and a long established industry and many associated businesses will cease operation as a consequence.

There can be no economic or environmental or social justification for destruction of this magnitude in return for such a small environmental gain.

7. The Peel Valley is being unfairly penalised for the malpractices in other irrigation areas.

It is inequitable and unjustifiable to propose reductions in the access to water in the Peel Valley, when the Peel Valley has always contributed massively to the environment compared to its consumptive use. It is grossly unfair, and completely without foundation, that the Peel Valley should be penalised because of malpractices in other regions.

8. The environmental requirements of the Plan are suspect from the outset

Two of the members of the MDBA panel at the meeting held in Tamworth on Thursday 13th January were representing the Environment, and in answer to a question as to how long their studies took to arrive at the environmental flow requirement they said 15-18 months! And similarly, as to the staff numbers involved, they consulted each other and said "six"!

How can a Basin-wide study be comprehensive and science-based if so few people were involved for such a short period?

9. It is impossible for the consultant engaged by the MDBA to perform a meaningful analysis of the impacts of the Plan on the Peel Valley and the Tamworth region in the available timeframe.

The consultant undertaking the study into the social and economic impacts has been allocated around four weeks to complete an analysis of the impacts of the Plan on the Namoi Valley, the Macquarie Valley, and Bourke. Clearly, little more than lip service can be paid to the impacts on the Peel Valley and the Tamworth region within that timeframe.

It beggars belief that the MDBA can be permitted to destroy a regional industry that has existed for generations in the district without properly understanding the consequences of their actions. The fact that this regional industry has a minimal impact on the water use of the Peel Valley is not disputed by the MDBA. It has taken over a century to develop the Lucerne hay industry around Tamworth, and it ought not to be trashed by over-zealous bureaucrats in the MDBA, who are abusing the power entrusted to them.

10. We have invited the MDBA to challenge any of our statements about the impact of the Plan on the Peel Valley, but they have not accepted that invitation.

In our correspondence with the MDBA, we have invited the accuracy of any of our figures or projections to be challenged, but the MDBA has not accepted the invitation. Therefore, the conclusion is that the MDBA agrees with our figures and accepts our projections as to the effects of the Plan on the Peel Valley and the Tamworth region.

11. The "Sustainable Diversion Limits" are not what they claim to be.

There is no science behind the alleged "Sustainable Diversion Limits", and the use of the word "sustainable" is a deceptive misnomer. The MDBA has simply taken the 1993/94 levels of development and applied a percentage reduction to whatever extractions were in place at that time, or a lesser figure where a Water Sharing Plan has already reduced the 1993/94 figures. It is grossly misleading for the MDBA to label this calculation as "sustainable" because the MDBA has done nothing to establish whether the cuts are sustainable or not. Some valleys may require greater cuts in order to become sustainable, while other valleys such as the Peel Valley are already well within any measure of sustainability and require no cuts whatsoever under the Plan.

This is a completely flawed and indefensible approach which will not result in sustainable use of water.

In reality, it could result in excessive and unnecessarily harsh cuts in valleys where irrigation is well within sustainable levels (such as the Peel Valley), and at the same time not cut water use drastically enough in other valleys where water use is well beyond sustainable levels.

This "one size fits all" approach to the sustainable use of water is naïve and totally inappropriate when there are such significant impacts on the regional communities affected by this policy.

No attempt has been made to arrive at a "triple bottom line" solution in the Peel Valley – that is, a solution that delivers environmental sustainability, social sustainability, and economic sustainability.

Regional communities have too much at stake for generations to come in the future, to have such a high-handed and inappropriate process rushed through just to meet a meaningless deadline, and destroy a long established regional industry in the process.

12. The MDBA accepts that there are seriously wrong figures and errors of double counting in the "Guide to the Basin Plan", but they have been unwilling to correct the data or accept the fact that the errors have enormous consequences.

The most significant error affecting the Peel Valley is the proposed Sustainable Diversion Limit of 7.3GL/year for the Peel Valley Alluvium. However, after comprehensive modelling by NSW Office of Water, the current Water Sharing Plan which was introduced effective from 1st July 2010, (just 6 weeks before the Guide to the Proposed Basin Plan was released) determined a diversion limit of 9.3GL/year.

At the meeting with MDBA representatives in Tamworth on Thursday 13th January 2011, the MDBA representatives acknowledged that the correct figure should be 9.3GL, and they stated that they would "recommend" that the figure be corrected. The figure is wrong, they acknowledge it is wrong, and it should be immediately corrected without further debate.

The critical factor is that the proposed 7.3 GL/year is below the current long term average annual use, so a breach of the extraction limit will immediately occur, and as a consequence irrigators will have their access cut from 1 ML per unit share to 0.2 ML per unit share. Groundwater irrigation in the Peel Valley is clearly unsustainable when access is limited to a figure which is 0.2ML per unit share.

There appear to be errors due to the double counting of figures for Interceptions and Water Course Diversions in the Namoi Valley.

Regarding Interceptions, the Table on Page 52 indicates that the Namoi Valley has a total of 165GL classified as Surface Water Interceptions – comprised of 21 GL Farm Dam Basic rights, 139 GL Farm Dam irrigation and other uses, and 5.3 GL Forestry plantations.

But the bulk of the 139 GL in the Farm dams used for irrigation has already been metered or accounted for as Water Course Diversions or as metered groundwater extractions, and it is likely that the majority of this figure has been double counted by the MDBA in its assessment of the Namoi Valley's water Diversions.

This means that the MDBA should require no reduction in the current diversion limit for either the surface water or groundwater sources for the Namoi Valley (including the Peel Valley), as the MDBA's own calculations required a reduction of 112 GL, and the double counting error may account for about 139 GL.

Regarding Water Course Diversions, It is likely that the water course diversions from Dungowan Dam by Tamworth Regional Council have been accounted for in both Regulated and unregulated water course diversions, and if this is the case the water course diversions for the Namoi Valley (including the Peel Valley) have been over-stated by 5.6 GL.

Similarly it is likely that water extracted from the Wallamore Anabranh has been accounted for in both the extraction limits for the Peel Groundwater Alluvium and the Namoi unregulated water sources, thereby over-stating diversions by a further 1.2 GL.

This cumulative error of 6.8 GL would be more than enough to compensate for the proposed reductions to the existing diversion limits.

These errors would therefore mean that there would be **no need** to impose any reductions in the Peel Valley in order to achieve a target reduction of 5.7 GL.

The data listed in Table 1 in Volume 2 Part 3 Page 944 **is incorrect** with respect to “surface Water and Groundwater entitlements for the Namoi Valley”.

There is no mention of unregulated surface water entitlement, and the Peel Valley does not get a mention.

The errors are – the General Security Entitlement needs to be increased by about 31,000 ML, the High Security needs to be increased by about 17,400 ML, Groundwater needs to be increased by about 61,000 ML, and Unregulated Surface Water needs to be increased by about 78,000 ML – of which about 17,000 ML is from the Peel Valley.

13. The House of Representatives Regional Australia Committee Inquiry only selectively publishes the submissions on their website. At 19th January, 307 submissions, or 57% of all submissions received, remain unpublished and are shown as “authorised to be published in due course”

It is astonishing that the majority of the submissions to the House of Representatives Inquiry are not available for public viewing on the website. It raises serious questions about the transparency of the process when only the minority of submissions are published. What is contained in the 307 unpublished submissions that is so sensitive that they cannot be published at this stage? Why publish any submissions at all, when most of them are withheld from publication?

14. Mental Stress

This rarely considered aspect of the onerous provisions of the MDBA’s intentions is very real and demands appropriate inclusion in these considerations.

The cumulative effects of the succession of Water Allocation Reductions, firstly under the Peel Valley Water Sharing Plan gazetted 1 July 2010 of some 80%, and now secondly the prospect of further large cuts of 25% under the MDBA are responsible for increasing apprehension amongst farmers, particularly those approaching retirement age.

These pressures include:

1. Reduction of viability of farm enterprises
2. Loss of production capability and security
3. Capital losses
 - (a) Firstly in loss of value by repeatedly reduced available water allocations
 - (b) Resulting drop in farm values
 - (c) Banks attitudes to reduced security values
 - (d) Subsequent demand for top-up of security
 - (e) Perceived risk of foreclosure and forced sale
 - (f) Resulting in the need to re-assess their living standards in old age
4. These are very real issues. Over time there has been a significant proportion of farmers not able to handle these circumstances.

Recently in the Peel Valley one successful farmer well known to Peel Valley Water users, found these issues, combined with some other lesser matters, more than he could handle. Despite many attempts to share his burden he took his own life.

We understand this is not an isolated case and it is a responsibility of the MDBA and this current Inquiry's members to take urgent steps to reconsider this process to deliver a fair and equitable outcome for all people and communities of the inland.

The effect of these matters on the family remaining is compounded by the piece-meal and cavalier attitudes displayed by the MDBA process thus far.

How do you promptly and successfully market a property when these issues are unresolved and the farmer is no longer here?

We who have long known Tony Windsor believe his present political position and his chairmanship of this inquiry provide him a unique opportunity to revamp the MDBA debate and stake his place in history by resolving this huge and vital issue.

15. "Bridging the Gap" is not a solution for the Peel Valley

The representatives from the MDBA who visited Tamworth for the meeting on Thursday 13th January indicated that they had just the previous day been advised by telephone from Canberra that the MDBA had introduced a policy of purchasing entitlements as a means of "Bridging the Gap". We are currently unaware of the details of the policy, but the fact is that purchasing entitlements is not a practical option in the Peel Valley. Water from the Peel Valley has previously been offered to the MDBA at \$1,000 per megalitre, but none has ever been acquired by the MDBA because it was "not considered value for money", despite the MDBA having paid around \$2,000 per megalitre in the Namoi Valley. However, quite apart from that, the fact is that because the Peel Valley's Water Sharing Plan has an entitlement ratio of 4 megalitres of entitlement to one megalitre of active use, the MDBA will need to purchase 5 megalitres of entitlement in order to wind back one megalitre of active use. Obviously the MDBA will not purchase 5 megalitres to obtain one, or alternatively the MDBA would offer such a low price per megalitre that there would be no sellers. Therefore, any discussion by the MDBA of "Bridging the Gap" by purchasing entitlement is irrelevant in the Peel Valley.

16. Entitlement

The Peel Water Sharing Plan restricts the long term average annual extraction limit to about 20% of entitlement, for both Regulated General Security and Ground Water Alluvium Water sources.

The reductions now proposed by the MDBA will further reduce this access to entitlement.

What is the MDBA proposing to do in the Basin Plan about eliminating entitlement from the system that cannot ever be used? Fair and reasonable compensation should be paid for this loss of entitlement that was purchased by farmers in good faith, and now cannot be used.