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SUBMISSION BY DUBBO CITY COUNCIL TO THE GUIDE TO THE PROPOSED BASIN PLAN

1. TOWN WATER SUPPLY ISSUES

- Dubbo prides itself on having a secure and reliable water supply. It is rare for the City to impose water restrictions, and yet consumption has dropped 20% across the board over the past five years in response to best practice pricing and other demand management initiatives. Council would see it as a failure and very poor marketing of its economic development potential if Basin Plan SDL's were to so reduce Dubbo's availability of urban water that it had to regularly impose harsh restrictions.
- Towns and cities in the Basin need to provide a high level of urban amenity to both attract and retain population. Many are located in arid and semi-arid climate zones where a "green oasis" effect is considered essential. It would be unacceptable for coastal and/or metropolitan opinions of what was considered "reasonable" in relation to urban amenity in the bush to prevail in a Basin Plan imposed on the Dubbo community
- Town water use within the Basin accounts for only 2% of consumptive use, excluding out-of-Basin transfers to Adelaide, Melbourne and Ballarat. Given that 90% of the basin population lives in towns with reticulated town water, it is essential that town water supplies NOT form part of the Basin Plan, for the reasons outlined below:
 - At \$300 to \$350 million of economic output per GL of water input, Dubbo's economy (for example) is a very valuable usage of available water. Town economies in the basin have great potential to compensate for productivity losses experienced in the agriculture sector as a result of SDL's reducing water usage in irrigated agriculture. This ability of town economies to expand and "take up the slack" should not be put at risk by arbitrarily reducing water availability to urban water utilities across the Basin.
 - Diversification of the Basin economy will be essential if SDL's are to deliver anything like the GL suggested. This is most likely to occur through economic and population growth in Basin towns rather than through agricultural enterprises. Unless businesses know there is scope for growth in key inputs like water, however, they will avoid setting up in Basin towns and the effect will be a "double-whammy" of lost agricultural output and loss of town-based business to compensate for same.
 - Town water is an essential service and a primary human need, not simply an economic input as it is for agricultural and mining activities.

- Towns are already very EFFICIENT users of water. Water losses are very low and the majority of water supply utilities in the Basin operate at industry best practice. Dubbo, for example, is already using 20% less water than it was five years ago.
- The Guide as printed presents a very jaundiced and frightening picture of what the authors of the final Basin Plan might construe as reasonable urban water usage rates. The only mention of urban water is in relation to Critical Human Needs, which occurs on pages 147 to 149, and one could conclude that the Guide considers as reasonable that Basin towns and cities should put up with:
 - Nil watering of private gardens.
 - Nil usage of evaporative air-conditioners.
 - Nil watering of parks and playing fields.
 - “Essential” commercial and industrial usage only (whatever that may mean?)
 - No allowance at all for economic or population growth of any kind.
 - High levels of water restrictions as the norm.
 - Total water usage equal to only 40 to 50% of what Dubbo uses now. Cuts of this magnitude would be both unacceptable and not accepted.
- For some reason page 149 of the Guide assumes NSW town water requirements will fall by 14 GL (18.7%) when the Basin Plan is enacted, yet towns in Victoria and South Australia will use slightly more water (1.5 and 2.6% respectively). On the face of it this is not acceptable to NSW Basin towns. We will not be driven by some lowest common denominator approach to reduce our economic competitiveness or our urban amenity.
- There is an assumption within the Guide that if towns need more water than the minimum permitted them, they will buy extra licences on the water market. This is a potentially very damaging scenario, however, as urban water utilities have the financial ability through guaranteed annual revenue raising to buy up a significant number and proportion of all high security licences in the marketplace. This can be characterised as the “Denver effect”, whereby the growing City of Denver in the USA destroyed the entire irrigation industry within 200 miles by purchasing all available licences and excluding other buyers through brute market power. In Council’s opinion it is better to remove water utilities from operating in such an ad hoc manner in the marketplace by guaranteeing water utilities from the start enough water licences to cater for reasonable growth BEFORE the application of SDL’s to other water using sectors. In this way the irrigators remaining in the marketplace are not “accidentally” tipped beyond some survival point simply by the uncontrolled operation of the free market.

2. WATER ACT ISSUES GENERALLY

- Dubbo City Council strongly supports the positions of both the National and NSW Irrigators’ Councils that the Water Act 2007 does not deliver a triple bottom line outcome as promised

in the 2004 National Water Initiative, and should be amended to ensure that environmental outcomes are not given primacy over social and environmental outcomes as is the case with the current Act. Whilst the Objectives of the Act (at 3 c) are to “optimise economic, social and environmental outcomes” this is not reflected in Section 21 of the Act, nor is there a belief within the MDBA that economic and social considerations are to be treated equally with environmental concerns.

- Socio-economic modelling within the Guide understates by an order of magnitude the job losses and value of production likely to be lost as a result of projected water cuts. This would have a devastating effect not just on the valley downstream of Dubbo, but on the local economy here in Dubbo in terms of lost custom and reduced demand for services from our (largely) service economy. For example Council is aware of highly credible research undertaken for the Cotton Catchment Communities CRC that estimates a 25% cut in water availability for irrigation in the MDB would cost the national economy \$1.4 billion ANNUALLY and 14,000 jobs. A 50% cut would cost 28,000 jobs and \$2.7 billion annually. In similar vein the NSW Irrigators’ Council has used publicly available data sets to infer that in NSW alone the lowest level of cuts proposed in the Guide would lead to 17,000 job cuts and cost \$2.4 billion annually.
- Likewise Council supports the notion that capital works to improve the efficiency of water delivery to environmental assets, whether constructed and operated by State or Local Governments, should be supported by the Commonwealth and the MDBA rather than rejected out of hand on ideological grounds.

3. GENERAL TECHNICAL ISSUES WITH THE GUIDE

- It is impossible to properly critique or accept the findings of the Guide without access to the detailed flow duration curves for all of the key river flow sites in the Basin. Despite 1200 pages of dense detail being published as part of the Guide and its supporting documents, these key hydrological data have been withheld from public scrutiny. Without basic assumptions/data like this being made available the ability of stakeholders to question and challenge the modelling results presented in the Guide is severely constrained
- The modelling itself should be opened up to expert scrutiny and collaborative discussion. Stakeholders outside of the Commonwealth bureaucracy need the ability to engage their own modellers in order to understand the models, its assumptions, the level of sensitivity to changed assumptions and the raw results as opposed to those reported in the Guide.
- The assumption within the modelling that land clearance since white settlement has not had a significant effect on inflows to streams is simplistic, and most probably wrong. This has influenced the calculation of pre-development stream flows and artificially increased stream flow values deemed to be needed for a “healthy” environment.
- It is inequitable to assign all SDL’s only to consumptive users of instream water flows. If interception by farm dams and forests are considered to be major components of the Basin hydrology these landuses should be involved in usage reductions as well.

- Now that the Millennium Drought has been broken by significant flooding across much of the Basin it is clear that SDL's calculated at the height of that drought may overstate the water required for a "healthy" environment. Extreme variability of climate is a key attribute of the Basin and SDL's need to be variable to mimic that same pattern.

4. SPECIFIC MACQUARIE VALLEY ISSUES

- One key issue for the Macquarie valley is the apparent over-statement of this valley's contribution to downstream flows in the Darling River. This is modelled as being 17% of all the inflows to the Darling River when historical records clearly show it is much lower at only 5%. The reason is first and foremost the very environmental asset we are charged to protect in the Macquarie Valley, the Macquarie Marshes. These are a terminal wetland in their own right and that is as far as most water in the Macquarie River ever gets, not down into the Darling River in any great volume. But because the flows to the Darling are over-stated for the Macquarie Valley this valley is expected to live with an SDL which is significantly higher than it should be based on the natural environment rather than the artificial environment inside the Authority's computer models.
- During the last decade the Wentworth Group of Concerned Scientists have been quoting a rule of thumb that "healthy" rivers are those where consumptive uses are no more than one-third of average annual stream flow. In the Macquarie River current diversions are only 13% of total inflows, which is the lowest rate of extraction of any of the developed valleys in the Basin. It is therefore seen as inequitable that the Macquarie River should now be expected to supply the largest proportion of any developed valley of the increased flows into the Darling River.
- The major environmental asset in the Macquarie Valley is the Macquarie Marshes. Although lack of water is blamed for degradation of this asset, credible historic references clearly show that much of the degradation observed today occurred during the 1950's in the form of over-grazing, tree clearing, cropping and artificial water diversions, yet this was a decade remarkable for its above-average river flows. It is simplistic in the extreme to assume increased water flows will solve all of the Marshes' environmental woes, let alone a majority of same.
- Because of the Macquarie Marshes and the extensive nature of floodplain inundation in the Macquarie River below Narromine there are physical constraints to delivering the theoretical volumes of water supposedly required from the end of the Macquarie River into the Darling River. Major flooding would have to be artificially imposed on thousands of square kilometres of productive farmland. The towns of Warren, Trangie, Nevertire, Carinda and other smaller communities could be cut off by road for weeks at a time to achieve these flows. Even in Dubbo some of the higher artificial floods may inundate the City's "low-level" Newell Highway bridge from time to time with horrendous consequences in terms of traffic disruption, delay, increased cost to business and individuals, and straight-out Council costs to manage traffic flows by hand. These consequences are simply not acceptable as a social and economic trade-off for artificially increased flows in the Darling River.

- The Macquarie Valley is very well-served by existing Committees of knowledgeable and committed stakeholders from both consumptive users and the environmental perspective (the current State Water Customer Service Committee, the former Water Sharing Plan Committee which spent 5 years preparing a very well-accepted Plan for this Valley, the Macquarie-Cudgegong Environmental Flows Reference Group, the Burrendong Dam Flood Mitigation Zone Reference Group and the Lower Macquarie Water Utilities Alliance of Councils). These groups need to be made part of the Basin Plan solution rather than being seen by Government and the Authority as part of the problem.