



Hansard Transcript (Legislative Council, 4 June 2008)

LOWER HUNTER WATER SUPPLY

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Dr JOHN KAYE [11.03 p.m.]: In the lead-up to the 2007 State election Premier Morris Iemma interfered in the planning of the lower Hunter's water supply by announcing that a dam would be built at Tillegra. The proposed impoundment of the Williams River north of Dungog would create a storage larger than Sydney Harbour, with potentially disastrous consequences not only for farmers and the local community, but also for budgets of households in the lower Hunter. By Hunter Water's own admission, Tillegra Dam is not necessary.

The parallels with Sydney's desalination plant are inescapable. The Hunter Water Corporation is repeating the same mistake of promoting an expensive, environmentally damaging and unnecessary water supply option, after the Premier showed he has no understanding of infrastructure planning, and even less ability to make sensible decisions under advice from experts.

Prior to November 2006 the Hunter Water Corporation consistently rejected the Tillegra project. Not only did it have cheaper options, but its 2004 integrated water resource plan stated:

“with proposed staged upgrading works at Grahamstown Dam, a new water source would not be required within the next 30 years”

and

“Building a new dam at Tillegra would be far less cost effective than many demand management and water conservation initiatives”.

Tillegra remained off the Hunter Water Corporation's agenda in its August 2006 integrated resource plan and was not mentioned in its October 2006 submission to the Independent Pricing and Regulatory Tribunal.

The Premier panicked in the lead-up to the 2007 election. Looking for a distraction from the charging of Milton Orkopolous and wanting to appear decisive in the face of the drought, Morris Iemma announced his Government's intention to build the dam, supposedly to secure water supplies for the lower Hunter and the Central Coast.

Hunter Water sought to justify that irrational choice of supply options. In its August 2007 document entitled "Why Tillegra Dam", the corporation argued that the threat of climate change would reduce inflows to existing dams, that the region was facing unexpectedly high population growth and that more water would be needed for drought-ravaged Gosford and Wyong.

Each of these excuses simply does not work. Inflows have not decreased over the past century; indeed, many climate change predictions have them increasing. Unlike most of the rest of the State, water restrictions were not required in the lower Hunter during the recent drought period. Water storages remained relatively full.

The corporation's own modelling for the next 100 years shows that without the Tillegra Dam, the region's storages would stay above 45 per cent, even with an additional 160,000 lower Hunter

residents. The Hunter Water Corporation's water savings targets are much lower than those of Sydney Water, where water usage decreased by 20 per cent in 20 years. Using Sydney Water's efficiency targets, the need for a new water supply option could be delayed indefinitely.

With Federal funding now provided to build the missing link pipeline linking the Mardi Dam and the Mangrove Creek Dam, the need to secure water supply for the Central Coast can no longer be used as a justification for a dam at Tillegra.

Construction of that dam will dislocate 90 farming families and destroy an important food producing area. The massive eco-tourism potential of the Williams River valley will be drowned. A thriving platypus population will be sacrificed—and all for a dam that is not needed.

The Hunter Water Corporation claims that Tillegra Dam will cost about \$300 million to construct. However, the area is geologically unstable and riddled with fault lines. Inundation will increase pressure on the faults with the real risk of massive subsidence. Geotechnical expert Mr Graham Holt advised that strengthening the dam and other works to reduce the risk of catastrophic failures from earth movements could cost between \$300 million and \$700 million.

Total costs could blow out from the currently projected \$300 million to \$600 million or \$1 billion, which would pass through to households in the lower Hunter as increases of up to \$416 a year in water bills.

Even without additional costs to secure the structural integrity of the dam against the slippage of faults, households face an additional \$125 each year, which corresponds to a 26 per cent increase. As construction gets underway and costs blow out as we expect them to, Hunter households could be facing a massive 88 per cent increase resulting from a single water supply option. That is significantly more expensive than Sydney's desalination plant, which will cost the average household in Sydney, the Blue Mountains and the Illawarra \$92 each year. This is a terrible price to pay for a dam that is not needed. It is not too late to stop construction of the Tillegra Dam.

It is not too late to save the Williams River and its vibrant farming community, its platypus population and its ability to produce food. And it is not too late to abandon the proposed Tillegra Dam and protect lower Hunter households from massive increases in their water bills.