

# Dam good idea holds water

[Economics & Deregulation](#), [Food & Environment](#) and [Water](#) | [Alan Moran](#)  
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Water saving and agonising over an augmentation of Victoria's urban supply have been long and unnecessary exercises. We have plenty of water available for Melbourne and regional cities.

Victoria's average stream flow is about 27 million megalitres, although flows have been almost halved during the drought. Urban and industry use is considerably less than 1million megalitres and agriculture about 3 million megalitres. Even in the drought, more than 11 million megalitres is unused, or comprises environmental flows.

Even so, no state policy area has been subject to so much hand wringing and so many reviews. Some 89 different water saving and supply options are listed on the Government's website. These examine several big augmentations. Some, like the Wonthaggi desalination plant, have outrageously high costs per megalitre of water. Other options explore minor augmentations. Included are measures such as retrofitting dual-flush toilets. This saves trivial amounts of water at an even greater cost per megalitre than the desalination plant.

Conspicuously absent from the options are proposals for dams. Although dams are discussed, the Government does not trust people sufficiently to release information about the costs. It treats voters as mere subjects to be kept informed by glossy booklets on water rather than facts on the cheapest new supply sources.

But we can estimate the costs since Water Minister Tim Holding, using data from a study that had been kept under wraps until yesterday, had earlier revealed that a big dam on the Mitchell River duplicating the Thomson Dam would cost \$1.35 billion. He made out that this was a high price, yet it is less than half the cost of the Wonthaggi desalination plant. It is also less than the cost of the Sugarloaf reservoir pipeline project with its associated work in the state's northern irrigation areas. That project will, at best, provide half as much water as a big, new dam. The Sugarloaf proposal is highly controversial - irrigators believe it will entail seizures of their water.

The Government's cost estimate of the Wonthaggi proposal is \$3.1 billion. Premier John Brumby has suggested that the competitive tender process may result in a lower price. This is not unreasonable, since the scheme is perhaps the most expensive water supply proposal in the world.

The plant would produce water for Melbourne at more than 300 a kilolitre - five times the cost of water from a new Gippsland dam. It is also considerably more expensive than the 214 and 240 a kilolitre cost of water from desal plants in Sydney and Adelaide. And it is more than twice the cost of water from the state-of-the-art plant in Ashkelon in Israel.

Although a tender process for a plant would provide some welcome pencil-sharpening regarding cost, this is beside the point. By any measure, the option will remain costly.

Though the government understates potential availability, clearly, a new dam in Gippsland is the cheapest option. But fear of television coverage of activists in koala suits protesting about dams has deterred the Government from that alternative. Yet it has a duty to deliver services to the people at the lowest cost. It is Victorian taxpayers and families paying for water from a Government that has decided it will retain a monopoly in its provision. Moreover, the Government can tap the surplus water available in Melbourne's catchment area without duplicating the Thomson Dam.

There are ways of diverting water from the Aberfeldy, Macalister or possibly the Latrobe rivers to

the Thomson Dam that could allow a capacity augmentation while avoiding the creation of a vast new expanse of water. This would also come in at a discount to the other cost estimates of new Gippsland supplies.

Parliament has an inquiry under way into Melbourne's future water supply. It is due to report by the end of this year, though by that time the Government plans to have fully committed to two planned projects - the Wonthaggi desalination plant and the pipeline bringing water to Melbourne from the northern irrigation areas. Victorians will be the poorer if the Government continues to reject the cheapest and most reliable means of modernising the state's urban water supply.

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