

DEPARTMENT OF THE ENVIRONMENT

PDR:MB15-000567

To: Parliamentary Secretary (Cc. Minister) (for information)

QUEENSLAND WATER RECOVERY

Timing: 20 August 2015 – For meeting with Minister Lynham on Friday 21 August 2015

Recommendation/s:

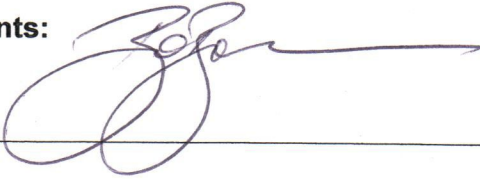
1. Outcome of the discussion – Minister Lynham to advise of his preferred next steps for the Eastern Agriculture proposal and for you to bring to his attention the key points listed below.

Noted / Please discuss

Parliamentary Secretary:

Date: 25/8/15

Comments:



Meeting with: Minister Lynham MP – Queensland Minister for State Development and Minister for Natural Resources and Mines.

Key Points:

1. The Qld Infrastructure Programme (Healthy Headwaters Water Use Efficiency Programme (HHWUE)) funds will likely be underspent and most recovery in Qld will need to be from water purchase, in the Condamine Balonne and in the Border Rivers.
2. We have an unsolicited offer from Qld Border Rivers for 7.98GL and will be approaching sellers about this via their agent – if this works it will relieve pressure on the Lower Balonne, but may need a shepherding agreement with NSW.
3. We cannot relieve the pressure on Lower Balonne by buying above Beardmore Dam unless Queensland can guarantee to shepherd this water and Narran Lakes environmental indicators are met.
4. If Queensland was to agree to apportion surface water SDLs according to where the recovery occurs (as NSW has done), that would maximise flexibility for targeting further water recovery and reduce and over-recovery risk.
5. We cannot recover groundwater entitlements unless we can be assured this will not result in increased consumption elsewhere in the aquifer.
6. We want to have a jointly badged Water Recovery Strategy for Qld to apply as soon as the Northern Basin Review is finalised (early 2016) and the gap bridging task is clear.
7. There has recently been a settlement of the successful bid, in the Lower Balonne, tender that ran in October 2014 – this was for 2,365 ML of unsupplemented water. This purchase will not be 'promoted' by us, but the transaction will be made public via a notice on AusTender and news of it will probably circulate in the area if it has not already done so.

Water Recovery

8. The total surface water to be recovered in Queensland is 175.5 GL (long term average annual yield (LTAAY)) to meet the Sustainable Diversion Limit reduction amount.

9. This includes 117.0 GL LTAAY local and 58.2 GL LTAAY shared downstream components. In addition, 40.4 GL LTAAY of groundwater will also need to be recovered. No ground water has been recovered to date.

As at 31 July 2015, surface water recovery in Queensland was 80.6 GL LTAAY with a remaining gap of 94.9 GL LTAAY. Of this:

- a. Infrastructure projects accounted for 13.7 GL LTAAY;
 - b. Water purchase - 56.3 GL LTAAY; and
 - c. Queensland Government initiatives - 10.6 GL LTAAY.
10. A map of water recovery in Queensland, is at **Attachment A**, and reflected in the table below.

Table 1: Water recovery in Queensland, as at 31 July 2015 (GL LTAAY)

Queensland Catchments	Target (local and shared)	Water Recovery	Remaining gap
Condamine-Balonne	140.15	56.54	83.61
Upper Condamine Alluvium (groundwater)	40.4	0	40.4
Border Rivers	21.63	13.95	7.67
Moonie	1.87	1.10	0.77
Nebine	1.35	1.00	0.35
Paroo	0.01	0	0.01
Warrego	10.52	8.00	2.52
Total	175.52	80.59	94.93

11. The graph at **Attachment B** highlights the possible projected recoveries for future water purchasing and infrastructure works, to meet the targets in the various Queensland catchments.
12. Background on the water recovery strategy is at **Attachment C**.

Lucy Vincent
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 Water Efficiency Division
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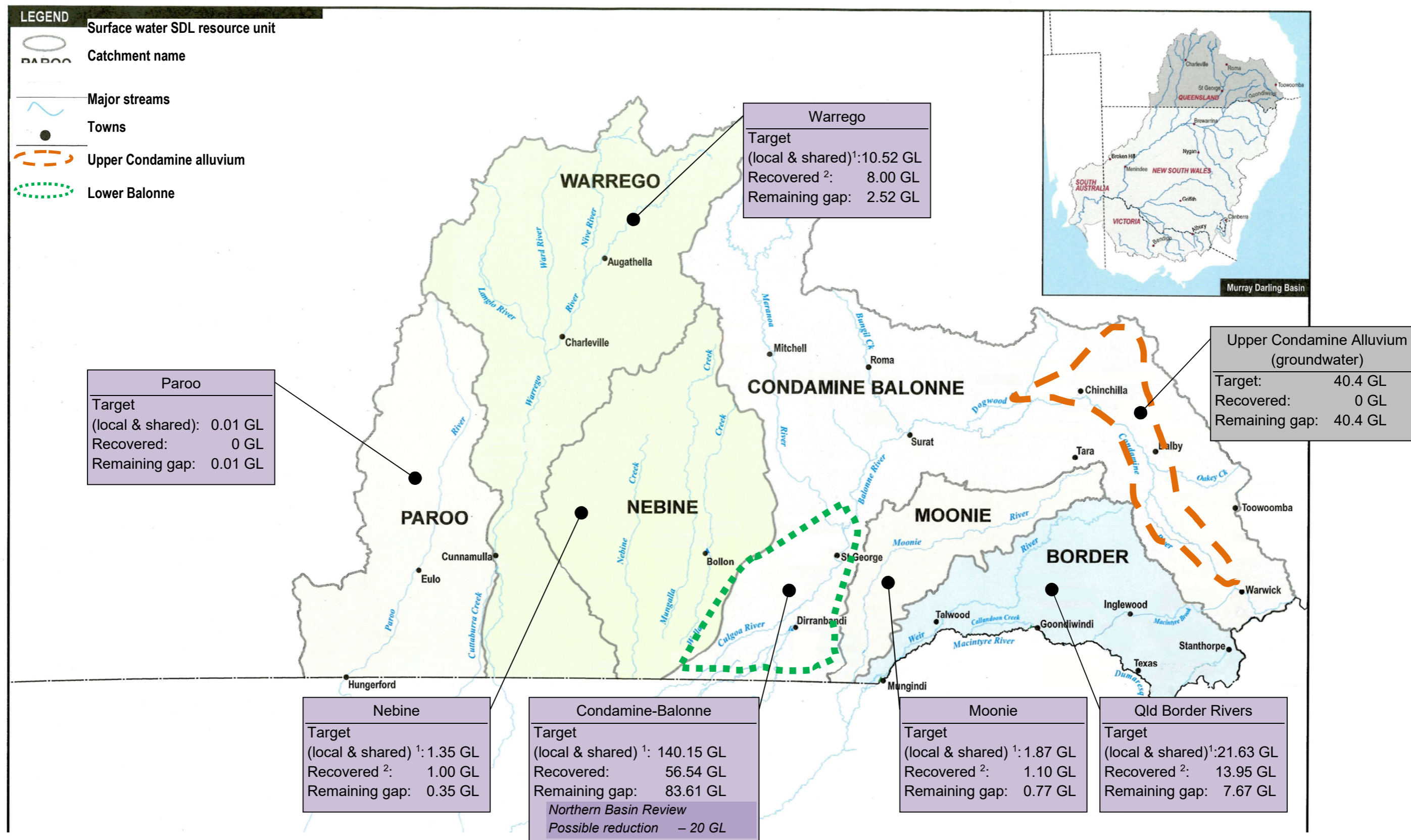
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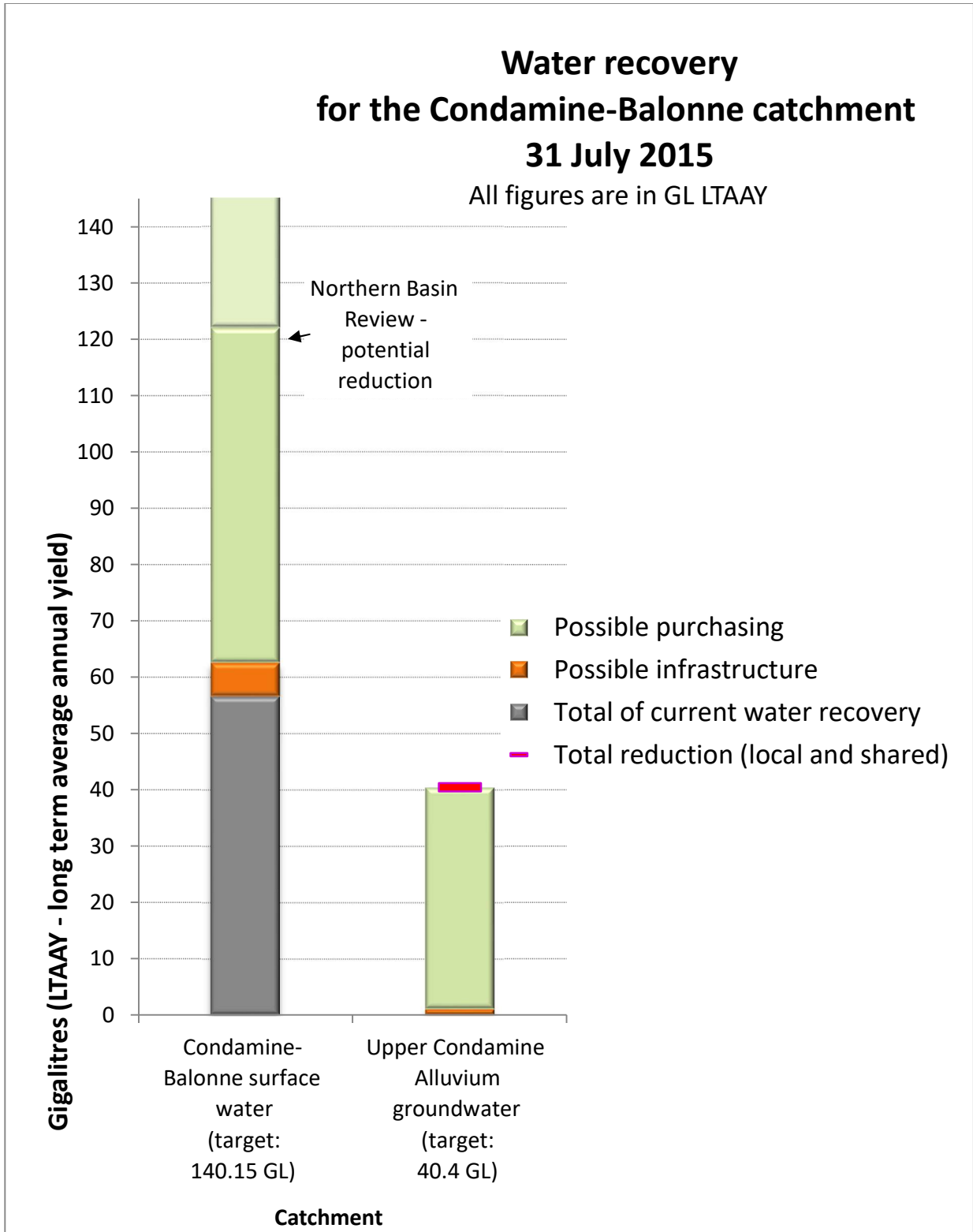
ATTACHMENTS

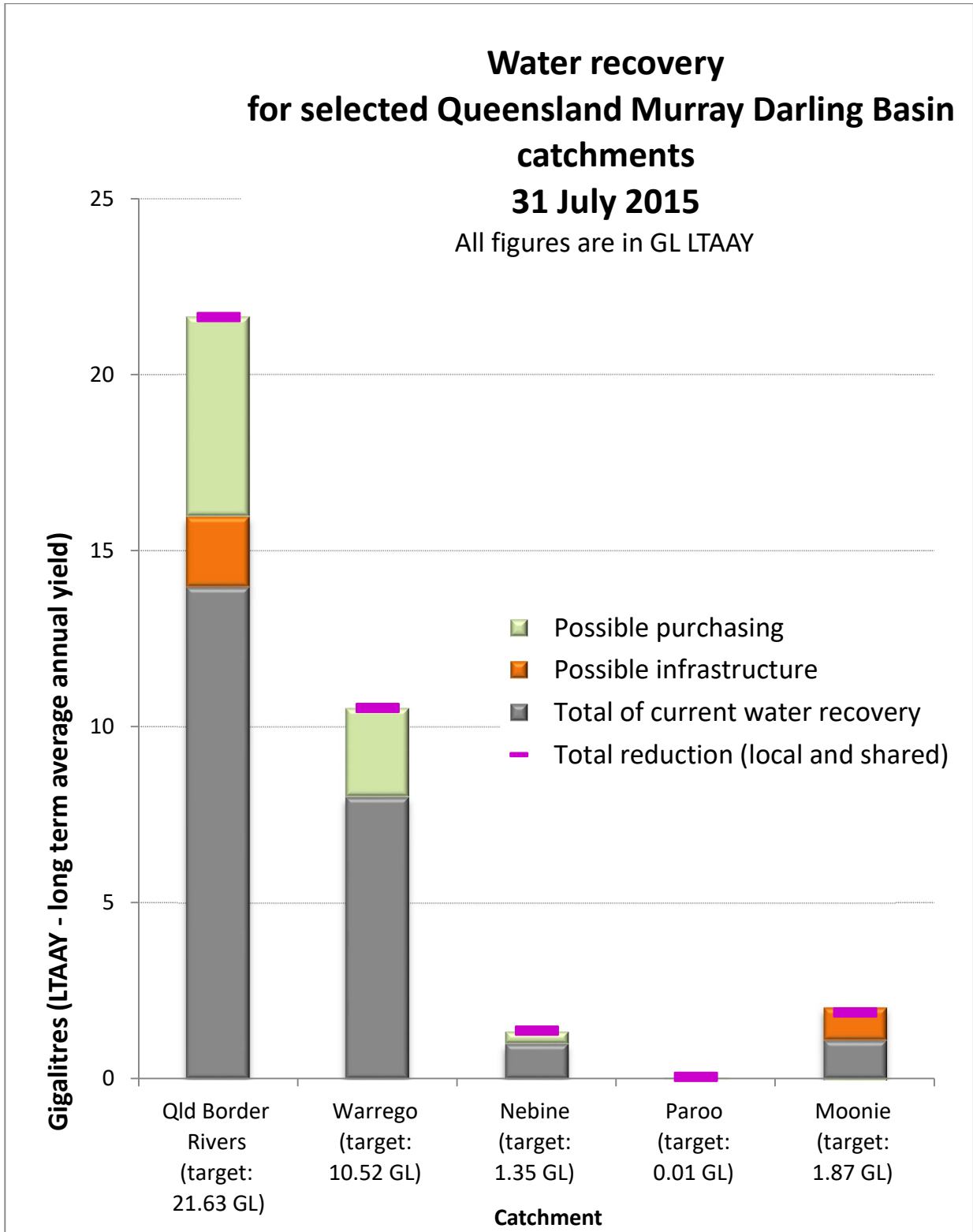
- A: Water Recovery – Map
- B: Future Water Recovery - Graph
- C: Background – Water Recovery
- D: Healthy Headwaters Water Use Efficiency Project – Funding Projection

QUEENSLAND MURRAY-DARLING BASIN - PROGRESS TOWARDS SURFACE AND GROUNDWATER SDL REDUCTION TARGETS - July 2015



- Possible further shared reductions (4.09 GL) pending Northern Basin Review outcomes:
 Warrego -0.18 GL; Nebine -0.02 GL; Condamine-Balonne -2.81 GL; Moonie -0.13 GL; Qld Border Rivers 95 GL
- Includes water gifted by the Queensland Government to the Commonwealth, comprising:
 Warrego 8 GL; Nebine 1 GL; Moonie 1.1 GL and Qld Border Rivers 0.5 GL





Attachment C**BACKGROUND****Water Recovery in the Queensland Murray-Darling Basin**

A substantial amount of surface water (58.5 gigalitres) and groundwater (40.4 gigalitres) remains to be recovered.

Surface water

- The SDL reduction amount for the Queensland Murray-Darling Basin is 175.5 gigalitres in long term average annual yield (GL LTAAY) terms, which is comprised of the local component of 117 GL LTAAY and the shared downstream component of 58.5 GL LTAAY (default shared reduction as per Basin Plan Section 6.05).
- The water recovery to 31 July 2015 which bridges the gap is 117 GL LTAAY, or 67 per cent of the total Queensland Murray-Darling Basin target.
 - The remaining target is 58.5 GL LTAAY.

Groundwater

- The Basin Plan specifies two SDL reduction amounts in the Upper Condamine Alluvium (UCA), one each for the Central Condamine Alluvium (CCA) and the UCA Tributaries, to stabilise groundwater levels and maintain the productive base of the aquifer.
 - There is a 35.4 GL LTAAY reduction required in the CCA and a 5 GL LTAAY reduction required in the UCA Tributaries (40.4 GL LTAAY total).

Catchments targeted to date for infrastructure projects

- Of the Queensland MDB catchments, the Qld Border Rivers and Condamine-Balonne have been the main focus of water recovery efforts through infrastructure and purchasing.
 - The Qld Border Rivers has met its local component of 8 GL LTAAY and is making progress towards the Queensland shared downstream component of 13.6 GL LTAAY. The total target (local and shared) is 21.63 GL LTAAY, with 13.95 GL LTAAY water recovery to date and a remaining gap of 7.67 GL LTAAY.
 - The Condamine-Balonne has not met its local (100.0 GL LTAAY) and shared component (40.15 GL LTAAY) target, with a recovery of 56.54 GL LTAAY to date and 83.61 GL LTAAY still to be recovered.

A map of water recovery is provided at **Attachment A**.

- As outlined previously, there is also the specific need to recover groundwater in the UCA.

Focus is on a limited portion of the Condamine-Balonne catchment

- In bridging the gap in the Condamine-Balonne, and in the absence of shepherding arrangements for water entitlements above Beardmore Dam, focus is placed on the Lower Balonne to reach the entire catchment target rather than being shared with irrigators in the Condamine River (that is, above Beardmore Dam).
- The reason for concentrated recovery in this area is due to the environmental indicator sites of the Culgoa Floodplain and Narran Lakes.

- The ability to recover water from the Condamine-Balonne above Beardmore and still meet the environmental outcomes is currently a key focus of the Northern Basin Review.
- Water recovery upstream of Beardmore Dam will not be pursued until after the Northern Basin Review outcomes are finalised and Queensland addresses issues concerning environmental protection of such entitlements through Beardmore Dam.

Community preference for purchasing or infrastructure

- Irrigators in the Lower Balonne have consistently voiced their opposition to water purchasing over infrastructure.
- There is increased community push-back on purchasing given the decline of local business in the town of Dirranbandi. However, due to limited remaining infrastructure funding, the gap cannot be bridged through infrastructure projects alone. Therefore, targeted water purchasing must continue despite a low level of community support.
- There is support for both infrastructure and purchasing programmes to recover water in the Condamine. Central Downs Irrigators Ltd (CDIL) is keen to see groundwater purchasing commence in the Central Condamine Alluvium (CCA).
- CDIL believes that purchasing offers the ‘least pain’ option in water recovery for groundwater.
 - The Australian Government has held three tenders for the purchase of groundwater in the Upper and Central Condamine to date with a modest level of interest from licence holders. However none of the offers received met the value for money requirements of the Department, with all bids well above the Commonwealth’s benchmark price.
 - The Department is considering holding another tender round in this area in the coming months and has been consulting with local community representative of groundwater on their issues. .

UCA groundwater inclusion in HHWUE

- The Department has reviewed a draft addendum (provided by Queensland) to the HHWUE Project Phase 2 Business Case on the inclusion of UCA groundwater.
- Queensland officials met with Minister Lyneham in early August. The Department has not been advised on further decisions by Queensland regarding groundwater.

Infrastructure projects need to be completed by December 2018

- The HHWUE infrastructure programme is into its ninth round. Two more rounds are planned before the end of 2016, unless the remaining funding of \$65.7 million funding is allocated before then. All projects will need to be completed by 2018. This places a relatively tight time-frame on potential applicants to develop and cost potentially complex proposals.
- A graph of projected recovery for the HHWUE programme is at **Attachment D**. This demonstrates a likely underspend of approximately \$45 million.
- The Australian Government and Queensland DNRM have been working to improve uptake and have identified some additional programme improvements that will be implemented shortly.

Healthy Headwaters Water Use Efficiency project - Forecast budget

This analysis uses HHWUE expenditure (actual and contracted) from the first eight rounds to forecast the future performance of the project

