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**Department of Natural Resources, Mines and Energy
MINISTER'S BRIEFING NOTE – Dr Anthony Lynham MP**

SUBJECT: \$16 Million detailed business case for the Burdekin Falls Dam Raising Project

TIMING: Routine

RECOMMENDATION:

It is recommended that you:

- a) **Note** that the Queensland Government has prioritised investigations into the raising of Burdekin Falls Dam as a potential means to augment water supply in the Burdekin region.
- b) **Note** that on 31 July 2019, you wrote to the Honourable Michael McCormack MP, Deputy Prime Minister and Minister for Infrastructure: Transport and Regional Development requesting the Australian Government consider providing funding of \$16 Million (M) for a detailed business case and environmental impact assessment for raising Burdekin Falls Dam (**Attachment 1**).
- c) **Note** that on 3 September 2019, the Honourable Anastacia Palaszczuk MP, Premier and Minister for Trade, announced that Building Queensland and Sunwater would commence a \$16.55M detailed business case for the Burdekin Falls Dam Raising Project (**Attachment 2**).
- d) **Note** that on 4 October 2019, the Deputy Prime Minister Michael McCormack declined your request for the Australian Government to fund the detailed business case for the Burdekin Falls Dam Raising Project, given the Queensland Government had already committed to advance and fund the project (**Attachment 3**).

KEY ISSUES:

1. On 18 July 2019, the Queensland Government endorsed the Burdekin Falls Dam Raising Project as the state's preferred bulk water supply option for further assessment in the Burdekin River Catchment, because:
 - The project is aligned with the Queensland Bulk Water Opportunities Statement's strategy of maximising the utilisation of existing infrastructure.
 - There is sufficient unallocated water identified in the Burdekin Basin Water Plan to accommodate the raising.
 - Burdekin Falls Dam is suitably located to meet a range of current and emerging demands in the region and Sunwater is seeing strong demand from mining customers in the Bowen Basin.
 - Associated infrastructure and supply chains are already in place.
 - The project has a high level of alignment with the government-endorsed principles for bulk water infrastructure.
2. The \$16M of funding will be met internally by Sunwater and will therefore reduce Sunwater's capacity to pay dividends to the state. The impact on dividends will be dependent on timing and accounting and is yet to be determined.
3. Building Queensland, in collaboration with Sunwater, commenced the detailed business case in September 2019.
4. DNRME will be represented on the project working group and steering committees that are formed to oversee the development of the detailed business case.
5. On 4 October 2019, the Deputy Prime Minister wrote to you declining your request for NWIDF funds for the Burdekin Falls Dam Raising Project, noting that the Premier announced the Queensland Government will provide the \$16M for this work (**Attachment 3**).
6. A draft high level outline of the timelines associated with the planned work is at (**Attachment 4**) as provided by Sunwater.
7. The Australian Government is funding feasibility studies into other bulk water supply options in the Burdekin region, including Urannah Dam and Hells Gates Dam, under the NWIDF.

Policy Advisor	Section 78B(2)OK
Chief of Staff	OK
Approved / Not approved / Noted		
	Section 78B(2)	
Minister	
Dated	20/11/19

Author:	Recommended – ED:
Name: Emma Richter	Name: Bernadette Zerba
Title/Business Group: WS	Title/Business Group: WS
Telephone: 3137 4257	Telephone: 3137 4265
Date: 30 October 2019	Date: 3 October 2019

8. The Hells Gates Dam proposal does not comply with the existing water plan and cannot co-exist with the Burdekin Falls Dam Raising project.

RISK:

9. N/A.

CONSISTENCY WITH ELECTION COMMITMENTS AND GOVERNMENT OBJECTIVES:

10. The Burdekin Falls Dam Raising project is consistent with the objectives of the Queensland Bulk Water Opportunities Statement.

RESOURCE IMPLICATIONS:

11. The business case is to be funded by Sunwater and, as such, will impact the dividends returned to the state. The extent of impact is yet to be determined and will depend on timing and accounting treatment.
12. HR - N/A.

COMMUNICATION:

13. N/A

BACKGROUND:

14. The \$16M to fully fund the detailed business case, was sought from the Australian Government as the project would be in keeping with the objectives of the NWIDE.
15. The detailed business case and environmental impact statement commenced in September 2019. A draft detailed business case will be completed by mid-2021 and the environmental impact statement by the second half of 2023. Following completion of the environmental impact statement, the detailed business case can be finalised, factoring in any additional conditions in the approvals and final costings, and is expected to be published in 2024 (subject to relevant environmental approvals being provided in the scheduled timeframes).
16. The dam raising project will be run concurrently with the Burdekin Falls Dam Improvement Project, which is being undertaken to ensure the dam continues to function in line with the latest dam safety guidelines and engineering standards.
17. The dam improvement project will take up to three years to construct, with a target project completion date in early 2025, weather permitting.
18. The works as part of the improvement project are required to be completed before any construction of a raising can occur, meaning that construction of the dam wall raising would be able to commence in 2025.

ATTACHMENTS:

19. **Attachment 1** – Letter to Deputy Prime Minister
Attachment 2 – Media Release
Attachment 3 – Deputy Prime Minister's reply
Attachment 4 – Draft high level outline of activities





The Hon Dr Anthony Lynham MP
Minister for Natural Resources, Mines and Energy

Ref CTS 20142/19

31 July 2019

The Honourable Michael McCormack MP
Deputy Prime Minister
Minister for Infrastructure, Transport and Regional Development
PO Box 6022
House of Representatives
Parliament House
CANBERRA ACT 2600

1 William Street Brisbane
PO Box 15216 City East
Queensland 4002 Australia
Telephone +61 7 3719 7360
Email nrm@ministerial.qld.gov.au
www.dnrme.qld.gov.au

Dear Deputy Prime Minister

Thank you for your letter of 4 July 2019 formally offering the variation of the bilateral schedule for the Hells Gates Dam feasibility assessment under the National Water Infrastructure Development Fund (NWIDF). I note that the \$24,000,000 that you have offered for this feasibility assessment is to fully fund the work to be undertaken, no funding is to be provided by the Queensland Government.

Following consultation with appropriate Queensland Government agencies and the Premier, I have pleasure in enclosing a copy of the bilateral schedule signed by me on behalf of the Queensland Government.

I look forward to working with you to support NWIDF projects in Queensland and can confirm that my department will work with Townsville Enterprise Limited to develop an agreement to enable funding to be passed to the proponent once it is received from the Australian Government.

The Queensland Government also wants to see the further consideration of raising Burdekin Falls Dam as a water supply option in the lower part of the Burdekin River catchment. As you will be aware from previous correspondence, this is considered to be a priority project by the Queensland Government as it has the potential to supply additional water for urban, agricultural and industrial users across the Lower Burdekin and beyond.

Given that the Australian Government is clearly keen to support gaining a greater understanding of water supply infrastructure options in the Burdekin Basin and has now funded a number of feasibility studies and construction projects in the area, I would like to request that you consider providing funding from the NWIDF to support a detailed business case. Development of a detailed business case will be in keeping with the stated aims of the NWIDF and will also demonstrate the Australian Government's commitment to advancing proposals on the basis of sound science and economics.

Since there seems to be no formal method for applying for feasibility study funding from the NWIDF, I would like to request that you consider such a proposal. As with the Hells Gates Dam work, the development of a detailed business case for such a major project will be a significant undertaking. As such, I would request that consideration be given to providing a total of \$16,000,000 through the NWIDF for this proposal.

I appreciate that in order to fully consider this request for funding you may well wish to see further details on the nature of the proposal, including timeframes and expected outcomes. With this in mind and in regards to the signed variation of the bilateral schedule, if you have any questions relating to this matter or to the feasibility assessment work itself, please contact Mr Grant Horton of my department who will be pleased to assist you and can be contacted on (07) 3166 0157.

Yours sincerely

Section 78B(2)



Dr Anthony Lynham MP

Minister for Natural Resources, Mines and Energy

Attachment:

- Signed bilateral schedule for the Hells Gates Dam feasibility study

Published on RDMW Disclosure Log
RTI Act 2009

Media release

JOINT STATEMENT

Premier and Minister for Trade

The Honourable Anastacia Palaszczuk

Minister for Natural Resources, Mines and Energy

The Honourable Dr Anthony Lynham



Government drives multi-million dollar water infrastructure for NQ

The Palaszczuk Government has given the green light for the proposal to raise Burdekin Falls Dam wall to progress to the next stage.

Premier Anastacia Palaszczuk said publicly-owned Sunwater would now start a \$16 million detailed business case into the potential raising of Queensland's largest dam.

"This is not only boosting the Townsville region's water security," the Premier said.

"It's part of our Powering North Queensland Plan.

"Upgrading the Burdekin Falls Dam is the next step in developing the Burdekin Hydro power project which is expected to create 200 jobs during construction and generate enough electricity to power 30 000 homes."

The Premier said the project could also help boost to water security measures in the region.

"The Burdekin Falls dam is the at the heart of one of Queensland's largest agricultural hubs and the extra water for irrigation could support another 10,000 hectares of production," the Premier said.

"Investigations to date show enough interest from farmers and industry in more water, as well as future urban demand in Townsville.

"Any major investment like this needs to have a detailed business case to back it up and that's precisely the action we're taking."

The proposal is to raise the spillway crest of the dam to increase capacity. The detailed business case will include analysis of the environmental, economic, financial, and sustainability factors and an environmental impact statement.

The detailed business case will investigate the most viable height by which to raise the dam, but as an example, raising the dam by two meters would increase the storage capacity by approximately 150,000 megalitres—bringing the total capacity to 2.01 million megalitres.

Sunwater, the government-owned corporation that owns and operates the dam, would work with Building Queensland to investigate the costs and engineering options for raising the Burdekin Falls Dam wall.

Natural Resources Minister Dr Anthony Lynham said the Palaszczuk Government had previously invested \$225 million into Townsville's water security - \$215 million for Stage 1 of the pipeline and another \$10 million for Townsville City Council's Water Smart Package to help residents use water sustainably.



“Progressing to a detailed business case for raising the wall is separate to these measures and a further commitment to the people of Townsville,” he said.

The Premier and Dr Lynham also provided an update on the Houghton Pipeline Duplication project which is nearly one-third complete while visiting Iplex Pipelines in Bohle.

“Around 50 jobs have been supported here at Iplex because of work on the pipeline,” she said.

“My government’s \$225 million investment Townsville’s water security includes 33.4km of water pipeline which is not only boosting the region’s water security but is supporting nearly 1000 jobs.

“It’s great to see local workers and local suppliers being sustained by major infrastructure projects like this.”

Houghton Pipeline duplication fast facts

- Palaszczuk Government committed \$215m for Stage 1
- 33.4 km pipeline project duplicates existing pipeline
- When fully operational will be capable of delivering 356 megalitres of water per day from Burdekin to Ross River Dam – nearly triple the current capacity
- More than 11km of piping has now been laid
- More than 900 people and 150 businesses have now directly or indirectly worked on the project.

New drone footage of pipeline progress and Burdekin Falls Dam:

https://www.dropbox.com/sh/1so83omwwbasirq/AACwjyNslJ0X4i1RRsnn_wzGa?dl=0 (external site) (
https://www.dropbox.com/sh/1so83omwwbasirq/AACwjyNslJ0X4i1RRsnn_wzGa?dl=0)

[ENDS]

Media contact:

Zoe Russell (Premier’s Office) – Section 78B(2)

Jan Martin (Minister Lynham’s Office) Section 78B(2)

Minister for Natural Resources, Mines and Energy
EXECUTIVE CORRESPONDENCE ACTION SHEET

A0

CRS 21518/19

MO REF MO/19/ 5800	<input type="checkbox"/> Consult Other:
DATE RECEIVED MO 18/10/19	

RESPONSE/ACTION REQUIRED

<input type="checkbox"/> For reply under Minister's signature	<input type="checkbox"/> For referral by DLO network <input type="checkbox"/> Minister/department
<input type="checkbox"/> For reply under Chief of Staff's signature	<input type="checkbox"/> For Caucus Liaison Response
<input type="checkbox"/> For departmental response under: <input type="checkbox"/> Deputy Director-General's signature <input type="checkbox"/> Director-General's signature	<input type="checkbox"/> For GOC to respond directly

CONTACT PROVIDED IN LETTER

<input type="checkbox"/> Departmental Rep (Default)	<input type="checkbox"/> Chief of Staff	<input type="checkbox"/> Policy Advisor
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RESPONSE TIMING	COPY (Internal action within Minister's Office)	
<input type="checkbox"/> Urgent (5 business days)	<input type="checkbox"/> Minister	<input type="checkbox"/> Chief of Staff
<input type="checkbox"/> Routine (15 business days)	<input type="checkbox"/> SPA	<input type="checkbox"/> PA
<input type="checkbox"/> Specified Date	<input checked="" type="checkbox"/> APA	<input type="checkbox"/> Caucus Liaison
<input type="checkbox"/> Complaint (20 business days)	<input type="checkbox"/> Executive Assistant/ Office Manager	<input type="checkbox"/> Other
<input checked="" type="checkbox"/> Briefing note - Noting/Decision	<input type="checkbox"/> Director-General	
<input type="checkbox"/> Briefing note - Meeting		
<input type="checkbox"/> Dot Point brief (DLO template)		
<input type="checkbox"/> Department to contact and resolve <input type="checkbox"/> Dot points to actioning Advisor		
<input type="checkbox"/> No Response Required / FYI Only		

MINISTER'S OFFICE COMMENTS:
What is the \$16 million for the same purpose?
✓ 16/10

Received
21 OCT 2019
DNRME
Date:

Advisor / Chief of Staff:

DEPARTMENTAL ALLOCATION (Departmental Liaison Officer to complete)

<input type="checkbox"/> Director-General	DLO COMMENTS:	
<input type="checkbox"/> POL	<input type="checkbox"/> LANDS	<i>See no comment - is the 16 million for the same purpose?</i>
<input type="checkbox"/> GEORESOURCES	<input type="checkbox"/> BCP	
<input type="checkbox"/> RSH	<input type="checkbox"/> ENERGY	
<input checked="" type="checkbox"/> NR		

related to: CRS 20142/19



The Hon Michael McCormack MP

Deputy Prime Minister
Minister for Infrastructure, Transport and Regional Development
Leader of The Nationals
Federal Member for Riverina

Ref: MC19-004091

Dr Anthony Lynham MP
Minister for Natural Resources, Mines and Energy
PO Box 15216
CITY EAST QLD 4002

04 OCT 2019


Dear Minister

Thank you for your letter of 31 July 2019 providing the executed bilateral schedule for the Hells Gates Dam feasibility assessment.

Your letter also proposed the Australian Government provide \$16 million from the National Water Infrastructure Development Fund (NWIDF) to support a detailed business case on raising the Burdekin Falls Dam to increase water supply in the lower part of the Burdekin River catchment.

While the Australian Government would be prepared to receive an application for funding from the NWIDF, I note that the Queensland Premier, the Hon Anna Palaszczuk MP recently announced the Queensland Government will provide the \$16 million for this work, which will include environmental, social, financial and sustainability assessments on the proposal.

I welcome the support of the Queensland Government for projects that will provide greater water security and reliability for water users on the Burdekin River catchment and I look forward to working closely with you to progress our water infrastructure commitments across the state of Queensland.

Yours sincerely

Section 78B(2)

Michael McCormack

Draft Preliminary Project Timeline



DEPARTMENT OF NATURAL RESOURCES MINES AND ENERGY
RESPONSE TO CAUCUS LIAISON REQUEST

CTS No.	00759/20
DATE DUE TO DLO	20 January 2020
ELECTORATE OFFICE	Mackay
NAME OF CONSTITUENT/MEMBER OF PUBLIC <i>If applicable</i>	N/A
ISSUE	Urannah Dam detailed business case and environmental approvals
RESPONDING OFFICER <i>Author</i>	Name: Paul Hope Position: Principal Planner Business Unit: Regional Water Supply Infrastructure, Water Supply, Natural Resources Contact Number: 3166 0164
FINAL APPROVAL <i>DG/DDG/ED</i>	Name: Bernadette Zerba Position: Executive Director Business Unit: Water Supply, Natural Resources Contact Number: 3137 4265

PLEASE NOTE: This advice is provided for the information of the Office of the Minister for Natural Resources, Mines and Energy to assist in preparing a response to the Electorate Office

SUGGESTED RESPONSE TO ELECTORATE OFFICE

- Bowen Collinsville Enterprise has contracted Urannah Water Scheme to manage the development of a detailed business case and application for required environmental approvals on its behalf.
- Urannah Water Scheme has itself engaged a number of specialist sub-contractors to undertake specific activities required to progress the project to an expected completion date in August 2021.
- A number of potentially competing water supply infrastructure proposals in the wider Burdekin Basin are being investigated concurrently and any consideration of possible investment by the Queensland Government in the future will be based on the outcomes of all of those assessments.

BACKGROUND BRIEFING FOR MINISTER'S OFFICE – NOT FOR DISTRIBUTION

CURRENT STATUS:

- The first milestone for the detailed business case and environmental approvals project, being the development of a full project plan and a number of other preparatory activities, was completed in December 2019 and reported to the Australian Government.
- The Australian Government is expected to make a Treasury to Treasury transfer of the funding associated with this first milestone in early February 2020, with payment by DNRME of an invoice from Bowen Collinsville Enterprise to follow shortly thereafter.
- It is expected that the project will be completed by August 2021.

KEY ISSUES:

- The proponent has indicated that the total cost of the detailed business case and environmental approvals project will require up to an additional \$8 Million (M) of funding, \$18M required in total and has identified that this will be sourced from third party investors.
- DNRME does not have any visibility as to who the third party investors may be, nor whether or not the additional funding that is required has been formally secured in any way.
- There are a number of feasibility studies of bulk water supply infrastructure proposals underway across the wider Burdekin Basin, being the Urannah Dam, Hells Gates Dam and Big Rocks Weir and the raising of Burdekin Falls Dam.
- The Queensland Government has repeatedly indicated that its preferred infrastructure option is a raising of Burdekin Falls Dam as this is a proposal which would capitalise on previous investments, is compliant

with the Burdekin Basin Water Plan and has identified water users with an actual or planned need for an increased water supply.

- Due to constraints including the availability of water in the catchment and the potential competition between the proposals for the same end users of the water, these projects may be mutually exclusive for a number of reasons.
- The Australian Government has already committed \$30M to support construction of Big Rocks Weir, noting that the detailed business case is not due to be completed until July 2020 and has already sought a commitment from the Queensland Government sufficient to meet any additional construction costs.

BACKGROUND:

- Bowen Collinsville Enterprise finalised a preliminary business case for the proposed Urannah Dam and an associated distribution scheme in June 2019, developed using \$3M from the Australian Government's National Water Infrastructure Development Fund (NWIDF).
- In April 2019, the Australian Government committed a further \$10M from the NWIDF for the proponent to develop a detailed business case and to apply for appropriate environmental approvals.
- DNRME reviewed the preliminary business case developed by Bowen Collinsville Enterprise and identified a number of significant matters that it considered needed to be addressed or clarified if the proposal were to be progressed further.
- The key concerns detailed in the DNRME Statement that was appended to the preliminary business case included:
 - the assumption that the existing Burdekin to Moranbah pipeline will be duplicated and that construction of Urannah Dam would consequently avoid that expenditure;
 - whether the proposal complies with the Burdekin Basin Water Plan and the potential need for any amendments to be made to facilitate the project; and
 - the assumed demand for and price that will be paid for water from Urannah Dam by all sectors.
- DNRME worked with the proponent and the Australian Government to establish the required agreements between the parties to facilitate the additional work, with final sign-off of the various documents occurring in December 2019.