

Department of Natural Resources, Mines and Energy
DEPARTMENT BRIEFING NOTE

To Linda Dobe, Deputy Director General

SUBJECT: Claim for payment against NWIDF Urannah Dam feasibility study – milestone 5 and claim to Australian Government

TIMING: Required by 27 June 2019

Approved / ~~Not approved~~ / ~~Noted~~

Signature.....

Name...Linda

Dobe.....

Dated.....26...../6..
2019.....

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RECOMMENDATION:

It is recommended that you:

- a. s.73 Irrelevant information
- b.
- c. **Note** that Building Queensland (BQ) has submitted its detailed business case for Nullinga Dam to DNRME for consideration by the Queensland Government prior to its public release.
- d. s.73 Irrelevant information
- e. **Sign** a letter to the Australian Government to report: s.73 Irrelevant information
s.73 Irrelevant information completion of the Nullinga Dam feasibility study - noting the report will be sent at a later date; and claiming the funding due from the NWIDF for both studies.
- f. **Note** that the following documents will be uploaded to the Department of Infrastructure, Regional Development and Cities secure file transfer facility:
 - a. s.73 Irrelevant information
 - b.
 - c. Statement of work activities for the Nullinga DBC from Building Queensland

KEY ISSUES:

1. s.73 Irrelevant information
- 2.
- 3.
- 4.
- 5.
- 6.
- 7.
8. BQ has finalised a detailed business case for Nullinga Dam, following its completion of a preliminary business case in 2017 and a subsequent indication of water requirements from the proposed dam by MSF Sugar.
9. The documents submitted by BQ have been assessed by DNRME as meeting the requirements of the grant deed and the invoice has been found appropriate for payment (**Attachment 3**).
10. The detailed business case indicates a Nullinga Dam is not financially or economically viable

under any scenario, with a benefit cost ratio of 0.1.

11. DNRME is in the process of submitting the detailed business case to the Queensland Government for its consideration prior to forwarding it to the Australian Government and a public release.

RISK:

12. s.73 Irrelevant information

13. There has been extensive public commentary concerning the Nullinga Dam proposal and an announcement that the detailed business case indicates it is not economically viable is likely to lead to adverse media commentary from some sectors. Appropriate communication strategy and messaging is in preparation for release after Queensland Government has considered the detailed business case.

CONSISTENCY WITH ELECTION COMMITMENTS AND GOVERNMENT OBJECTIVES:

14. N/A.

RESOURCE IMPLICATIONS

15. Finance / Budget - DNRME will make a claim to the Australian Government for reimbursement of the funding payments for both feasibility studies in line with the National Project Agreement and accompanying Bilateral Schedule for the NWIDF (Attachment 4).

16. s.73 Irrelevant information

COMMUNICATION:

17. s.73 Irrelevant information

18. The Nullinga Dam detailed business case documents will not be released until the Queensland Government has considered the findings of this study and approved a public release.

BACKGROUND:

19. s.73 Irrelevant information

- 20.
- 21.

- 22.

- 23.

24. BQ has developed the detailed business case for Nullinga Dam, with officers from appropriate agencies providing input and reviewing the work as the project progressed.
25. The Nullinga Dam detailed business case has been reviewed by the BQ Board, which has endorsed it for submission to the Queensland Government for its consideration.

ATTACHMENTS:

1. BCE Tax Invoice for s.73 Irrelevant information
2. DNRME Milestone Assessment of s.73 Irrelevant information
3. DNRME Milestone Assessment of Nullinga Dam detailed business case
4. DNRME letter of claim to the Australian Government

BOWEN COLLINSVILLE ENTERPRISE GROUP INC

ABN

74 284 284 577

C/ 14 Tynwald Ave, Bowen, 4805

Invoice No:

s.73 Irrelevant information

Date:

Due Date:

Bill To:

ABN

59 020 847 551

**State of Queensland acting through the Department of
Natural Resources, Mines & Energy.**

Level 8, 1 William Street, Brisbane, Qld, 4000

Contact Officer: Grant Horton 07 3166 0157

Item	Description	Price
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s.73 Irrelevant information		
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Make all checks payable to BOWEN COLLINSVILLE ENTERPRISE GROUP INC

National Water Infrastructure Development Fund – Part 1

Feasibility Study

Proponent

Milestone Number

Milestone Description

Milestone Due Date

Milestone Receipt Date

Milestone for Bilateral Schedule

Compliance Assessed By

Compliance Assessment Date

MECS Item

s.73 Irrelevant information

Summary of Milestone documentation received

s.73 Irrelevant information

Other agencies consulted

s.73 Irrelevant information

Matters considered and findings

s.73 Irrelevant information

Recommendations for further work (if any)

s.73 Irrelevant information

Feedback provided to proponent (if any)

s.73 Irrelevant information

RECOMMENDATIONS

s.73 Irrelevant information

National Water Infrastructure Development Fund – Part 1 Milestone Assessment

Feasibility Study	Nullinga Dam feasibility study
Proponent	Building Queensland
Milestone Number	3
Milestone Description	Delivery of detailed business case for the proposed Nullinga Dam
Milestone Due Date	17 May 2019 (subsequently varied by agreement)
Milestone Receipt Date	21 June 2019
Milestone for Bilateral Schedule	Yes
Compliance Assessed By	Paul Hope
Compliance Assessment Date	21 June 2019
MECS Item	CTS16988/19

Summary of Milestone documentation received

- 1 Detailed business case
- 2 Invoice for \$3,850,000 (inc. GST)
- 3 Statement of works undertaken

Other agencies consulted

- 1 State agencies were not consulted on this final report documentation by DNRME but have had various opportunities to review draft version of the business case.
- 2 Building Queensland undertook its own review process using contacts on its own stakeholder engagement panel
- 3 The final detailed business case documents were reviewed by the Building Queensland Board which has approved them for release to the Queensland Government for its consideration

Matters considered and findings

- ▶ All deliverables for the milestone have been received and meet the requirements of the bilateral schedule

Recommendations for further work (if any)

- ▶ DNRME is preparing a separate briefing process to provide the detailed business case for Queensland Government consideration and endorsement of any further actions
- ▶ DNRME will report to the Australian Government that the feasibility study has been completed and will claim for the funding due under the NWIDF
- ▶ Once DNRME has received the funds due from the Australian Government, Building Queensland will be advised to submit an invoice which will be paid under a separate briefing process

Feedback provided to proponent (if any)

- ▶ None

RECOMMENDATIONS

- Approval of DNRME reporting to the Australian Government that the feasibility study has been completed and claiming the funding due from the NWIDF – noting that the Australian Government will not be sent a copy of the detailed business case documents until approval to do so is provided by the Queensland Government

Ms Diana Hallam
Acting Executive Director
Drought Taskforce
Department of Infrastructure, Regional Development and Cities
GPO Box 594
CANBERRA CITY ACT 2601
Email: Diana.Hallam@infrastructure.gov.au

Dear Diana

Re: National Water Infrastructure Development Fund Part 1 – 2018/19 milestone reporting

As required by the Bilateral Schedule to the National Project Agreement for Part 1 of the National Water Infrastructure Development Fund, I am pleased to advise the Queensland Government is satisfied the milestones set out in the table below have been successfully met.

I request the associated milestone payments be transferred from the Australian Government Treasury Department to Queensland Treasury.

Study	Milestone description	Payment
s.73 Irrelevant information		
Nullinga Dam feasibility study	Delivery of stage 2 detailed business case	\$3,500,000

A copy of the final documents for the s.73 Irrelevant information being the preliminary business case and a series of appendices as well as the summary of activities statement, will be uploaded to your department's secure file transfer system as they are too large to email.

The documentation for the Nullinga Dam feasibility study is currently being considered by the Queensland Government and, as such, cannot be released by my department at this time. Nevertheless, as required by clause 14 of the National Project Agreement, I confirm that the feasibility study has been completed and the milestone has been satisfactorily met. A summary of work activities statement for the completion of the Nullinga detailed business Case will also be uploaded to your department's secure file transfer system such that all relevant document are in one suitable location.

~~As such, and in line with the process agreed to by your department for the preliminary business case,~~ I request that the payment for this feasibility study be made at this time as per the table above. ~~Again, in line with the process agreed to previously, As per discussions between officers of Department of Natural Resources Mines and Energy and the Department of Infrastructure, Regional Development and Cities the final the documents for the~~ detailed business case document will be formally provided to you once they have been considered by the Queensland Government.

I would be grateful if you could confirm your agreement with the achievement of the above milestones and clarify when the funds transfer will occur. For ease, an email to Mr Grant Horton, Director, Grant.Horton@dnrme.qld.gov.au (with a cc to Mrs Virginia Hunter, Manager, Virginia.Hunter@dnrme.qld.gov.au) will be sufficient.

Should you have any queries regarding this matter please contact Mr Grant Horton, Director, Regional Water Infrastructure, Water Markets and Supply, on 07 3166 0157.

Yours sincerely

Linda Dobe
Deputy Director-General, Natural Resources

Cc: Mr Drue Edwards, By email:
Drue.Edwards@infrastructure.gov.au
Leann Palmer
Leann.Palmer@infrastructure.gov.au

COMPLETE ENDORSEMENT BLOCK

Print only if required by next signatory

CTS 04409/19

Prepared by: Paul Hope Title: Principal Advisor Division/Region: RWSI Telephone: 3166 0164 Date Prepared: 20 Feb 2019	Endorsed by: Grant Horton Title: Director Division/Region: RWSI Telephone: 3166 0157 Date Endorsed:	Endorsed by: Bernadette Zerba Title: GM Division/Region: WS Telephone: 3137 4265 Date Endorsed:	Endorsed by: Linda Dobe Title: DDG Division/Region: WMS Telephone: 3166 0132 Date Endorsed:
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Published on DNRME Disclosure Log
RTI Act 2009

Ref: D19/3638

25 June 2019

Mr James Purtill
Director-General
Department of Natural Resources, Mines and Energy
PO Box 15216
CITY EAST QLD 4002

Dear Mr Purtill

Consistent with the requirements of s17(1) of the *Building Queensland Act 2015*, Building Queensland is to publish summaries of infrastructure proposals where it has assisted government agencies in the preparation of business cases and preliminary evaluations during each six-month period. Summaries of further infrastructure proposals are published as part of our Infrastructure Pipeline Report that is updated annually.

Proposal summaries for infrastructure projects are prepared where Building Queensland has:

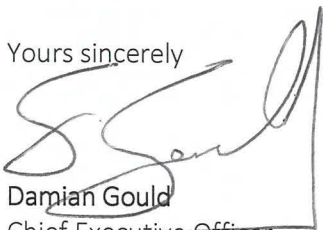
- assisted with the preparation of a business case during the six-month period from December 2018 to June 2019; and/or
- assessed a business case positively for inclusion in our 2019 Infrastructure Pipeline Report.

The summaries for your agency have been prepared in consultation with Rob Hearne, Manager of Economics and Governance, Department of Natural Resources, Mines and Energy. Ellie Crase, Principal Policy Officer Water Legislation and Policy, has advised the s.73 Irrelevant information and requested it be excluded. Noting Building Queensland's publication requirements, I am seeking your advice regarding the publication of this summary. Copies of all proposal summaries for your agency are attached for your information.

In fulfilling our statutory obligation to publish information under the Act, the summaries and the Infrastructure Pipeline Report 2019 are expected to be released on Building Queensland's website in August 2019. To ensure the timely agreement of information, it would be appreciated if you could approve the wording in the attached summaries, or alternatively nominate an authorised representative in your agency to agree the wording. An email response to damian.gould@bq.qld.gov.au by Friday 5 July 2019 would be greatly appreciated.

If your office requires any further information, please contact Megan Anderson, Media and Communications Manager on 3237 7506 or megan.anderson@bq.qld.gov.au, who will be pleased to assist.

Yours sincerely



Damian Gould
Chief Executive Officer

cc: Linda Dobe, Deputy Director-General, Department of Natural Resources, Mines & Energy

sch4p4



Encl.
Infrastructure Pipeline Report

- s.73 Irrelevant information
-
- Nullinga Dam and Mareeba Dimbulah Water Supply Scheme Improvements

- s.73 Irrelevant information
-
-

Six-monthly website summaries

- s.73 Irrelevant information
-

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Nullinga Dam and Mareeba Dimbulah Water Supply Scheme Improvements Project

RESPONSIBLE AGENCY

Sunwater

PROPOSAL STAGE OF DEVELOPMENT

Further actions required

PLANNED STAGE END DATE

Not applicable

ESTIMATED COST OF DELIVERY

To be confirmed⁷

BUILDING QUEENSLAND ROLE

Led the detailed business case

NEED

With the Mareeba Dimbulah Water Supply Scheme continuing to be highly utilised and fully allocated, there is an opportunity to increase the volume of water available for agricultural activities in support of potential future demand.

PROPOSAL

The proposed Nullinga Dam site is located on the Walsh River, approximately 55 kilometres south-west of Cairns and 24 kilometres south-south-west of Mareeba, within the Mareeba Shire Council. The dam site is within the existing Mareeba Dimbulah Water Supply Scheme, which is currently supplied by Tinaroo Falls Dam.

The detailed business case investigated upgrading existing Arriga and East Barron Channels and the construction of Nullinga Dam.

BENEFITS

The project is expected to increase availability of water to enhance agricultural development opportunities. It may also be an option to provide long-term supply across the region.

DELIVERY MODEL

Several traditional delivery model options were considered during the detailed business case including:

- » Construct Only
- » Design and Construct
- » Contract Management
- » Managing Contractor and Alliance.

Final delivery model/s will be confirmed following government consideration of the detailed business case outcomes.

⁷ A range of project options were assessed in the detailed business case with the potential project cost subject to discussions with the Australian Government.

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Department of Natural Resources, Mines and Energy
DIRECTOR-GENERAL'S BRIEFING NOTE

SUBJECT: Building Queensland Infrastructure Pipeline Report

Approved / Not approved / Noted

TIMING: ~~URGENT~~ **Urgent** – to meet Building Queensland response due date of 5 July 2019

Director-General
Dated / /

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RECOMMENDATION:

It is recommended that you:

- a. **Sign** the attached letter (**Attachment 1**) to Building Queensland (BQ) requesting further edits to the water infrastructure projects featured in the BQ Infrastructure Pipeline as set out in the table below.

KEY ISSUES:

- Consistent with the requirements of s17(1) of the *Building Queensland Act 2015*, BQ publishes a summary of infrastructure projects it is working on, either as an assist or lead role with business case development.
- DNRME was given an opportunity to provide feedback on earlier draft documents provided by BQ ~~earlier~~ in May 2019.
- Following a further review, including consultation with Treasury, of the revised draft documents provided by BQ on 25 June 2019, it is recommended that BQ make the following updates:

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Required Updates	Comments
s.73 Irrelevant information	

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Removal of delivery model details for Nullinga Dam	Considering the Nullinga Dam business case is expected to recommend the project not proceed, and this could potentially be announced before the updated pipeline report is published, the delivery model details should be removed.
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s.73 Irrelevant information

RISK:

4. N/A

4.

CONSISTENCY WITH ELECTION COMMITMENTS AND GOVERNMENT OBJECTIVES:

5. s.73 Irrelevant information

6.

7.

RESOURCE IMPLICATIONS:

8. N/A

COMMUNICATION:

9. N/A

BACKGROUND:

10. BQ provides the Queensland Government with independent, expert advice on major infrastructure and it works closely with all departments, government-owned corporations and statutory authorities to guide better infrastructure decision-making.

11. The Infrastructure Pipeline Report presents BQ's independent, expert view of priority infrastructure proposals under development by the Queensland Government. The report is presented in two parts.

- Part 1: Infrastructure Pipeline identifies Queensland Government infrastructure proposals that are unfunded for delivery with a minimum capital cost of \$50M.
- Part 2: Funded Proposals provides information on the detailed business cases Building Queensland is leading that have funding commitments for delivery from the Queensland Government.

ATTACHMENTS:

10.12. Attachment 1 – Letter to Mr Damian Gould, Chief Executive Officer, BQ

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CTS 17428/19

Prepared by: Rob Hearn Title: Manager Division/Region: Water Supply Telephone: 3199 4895 Date Prepared: 3 July 2019	Endorsed by: Bernadette Zerba Title: ED Division/Region: WS Telephone: 3137 4265 Date Endorsed: 3 July 2019	Endorsed by: Title: Division/Region: Telephone: Date Endorsed:	Endorsed by: Linda Dobe Title: DDG Division/Region: NR Telephone: 3166 0132 Date Endorsed: Bypassed
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Mr Damian Gould
Chief Executive Officer
Building Queensland
Level 30
12 Creek Street
BRISBANE QLD 4000

damian.gould@bq.qld.gov.au

Dear Mr Gould

Thank you for your letter of 25 June 2019 regarding the publication of the latest Infrastructure Pipeline Report.

I understand that the Department of Natural Resources, Mines and Energy (DNRME) feedback has already been considered by Building Queensland, however, I request that further edits are made to the Infrastructure Pipeline Report as summarised in the table below:

Required Updates	Comments
s.73 Irrelevant information	
Removal of delivery model details for Nullinga Dam	Considering the Nullinga Dam business case is expected to recommend the project not proceed, and this could potentially be announced before the updated pipeline report is published, the delivery model details should be removed.
s.73 Irrelevant information	

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These requested edits are shown in more detail in the tracked changes included in Attachments 1 to 5.

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Thank you for the opportunity to review these project details before the Infrastructure Pipeline Report is finalised.

Should you have any further enquiries, please contact Mr Robert Hearn, Manager, Economics & Governance, Department of Natural Resources, Mines and Energy on telephone 3199 4895.

Yours sincerely,

James Purtil
Director-General

Attachment 1: s.73 Irrelevant information

Attachment 2:

Attachment 3:

Attachment 4:

Attachment 5: Nullinga Dam and MDWSS summary Atts

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s.73 Irrelevant information

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NULLINGA DAM AND MAREEBA DIMBULAH WATER SUPPLY SCHEME IMPROVEMENTS

RESPONSIBLE AGENCY

Sunwater

PROPOSAL STAGE OF DEVELOPMENT

Further actions required

PLANNED STAGE END DATE

Not applicable

ESTIMATED COST OF DELIVERY

To be confirmed⁷

BUILDING QUEENSLAND ROLE

Led the detailed business case

NEED

With the Mareeba Dimbulah Water Supply Scheme continuing to be highly utilised and fully allocated, there is an opportunity to increase the volume of water available for agricultural activities in support of potential future demand.

PROPOSAL

The proposed Nullinga Dam site is located on the Walsh River, approximately 55 kilometres south-west of Cairns and 24 kilometres south-south-west of Mareeba, within the

Mareeba Shire Council. The dam site is within the existing Mareeba Dimbulah Water Supply Scheme ([MDWSS](#)), which is currently supplied by Tinaroo Falls Dam.

The detailed business case investigated [improving the MDWSS rules and operation](#), upgrading existing Arriga and East Barron Channels and the construction of Nullinga Dam.

BENEFITS

The project is expected to increase availability of water to enhance agricultural development opportunities. It may also be an option to provide long-term supply across the region.

DELIVERY MODEL

~~Several traditional delivery model options were considered during the detailed business case including:~~

- ~~» Construct Only~~
- ~~» Design and Construct~~
- ~~» Contract Management~~
- ~~» Managing Contractor and Alliance.~~

~~Final delivery model/s will be confirmed following government consideration of the detailed business case outcomes.~~

⁷ ~~Updated cost estimate will be announced through the publication of the detailed business case once it has been considered by Government. A range of project options were assessed in the detailed business case with the potential project cost subject to discussions with the Australian Government.~~

Mr Damian Gould
Chief Executive Officer
Building Queensland
Level 30
12 Creek Street
BRISBANE QLD 4000

damian.gould@bq.qld.gov.au

Dear Mr Gould

Thank you for your letter of 25 June 2019 regarding the publication of the latest Infrastructure Pipeline Report.

I understand that the Department of Natural Resources, Mines and Energy (DNRME) feedback has already been considered by Building Queensland however, I request that further edits are made to the Infrastructure Pipeline Report as summarised in the table below:

Required Updates	Comments
s.73 Irrelevant information	
Removal of delivery model details for Nullinga Dam	Considering the Nullinga Dam business case is expected to recommend the project not proceed and this could potentially be announced before the updated pipeline report is published, the delivery model details should be removed.
s.73 Irrelevant information	

These requested edits are shown in more detail in the tracked changes included in Attachments 1 to 5.

Thank you for the opportunity to review these project details before the Infrastructure Pipeline Report is finalised.

Should you have any further enquiries, please contact Mr Robert Hearn, Manager, Economics and Governance, Department of Natural Resources, Mines and Energy on telephone 3199 4895.

Yours sincerely,

James Purtill
Director-General

Atts

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CTS 17428/19

Prepared by: Rob Hearn Title: Manager Division/Region: Water Supply Telephone: 3199 4895 Date Prepared: 3 July 2019	Endorsed by: Bernadette Zerba Title: ED Division/Region: WS Telephone: 3137 4265 Date Endorsed: 3 July 2019	Endorsed by: Title: Division/Region: Telephone: Date Endorsed:	Endorsed by: Linda Dobe Title: DDG Division/Region: NR Telephone: 3166 0132 Date Endorsed: Bypassed
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NULLINGA DAM AND MAREEBA DIMBULAH WATER SUPPLY SCHEME IMPROVEMENTS

RESPONSIBLE AGENCY

Sunwater

PROPOSAL STAGE OF DEVELOPMENT

Further actions required

PLANNED STAGE END DATE

Not applicable

ESTIMATED COST OF DELIVERY

To be confirmed⁷

BUILDING QUEENSLAND ROLE

Led the detailed business case

NEED

With the Mareeba Dimbulah Water Supply Scheme continuing to be highly utilised and fully allocated, there is an opportunity to increase the volume of water available for agricultural activities in support of potential future demand.

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Mareeba Shire Council. The dam site is within the existing Mareeba Dimbulah Water Supply Scheme (MDWSS), which is currently supplied by Tinaroo Falls Dam.

The detailed business case investigated improving the MDWSS rules and operation, upgrading existing Arriga and East Barron Channels and the construction of Nullinga Dam.

BENEFITS

The project is expected to increase availability of water to enhance agricultural development opportunities. It may also be an option to provide long-term supply across the region.

⁷ Updated cost estimate will be announced through the publication of the detailed business case once it has been considered by Government..

Department of Natural Resources, Mines and Energy
DIRECTOR-GENERAL'S BRIEFING NOTE

SUBJECT: Building Queensland Infrastructure Pipeline Report

TIMING: **Urgent** – to meet Building Queensland response due date of 5 July 2019

Approved / Not approved / Noted

Director-General
Dated: 5/7/19

RECOMMENDATION:

It is recommended that you:

- a. **Sign** the attached letter (**Attachment 1**) to Building Queensland (BQ) requesting further edits to the water infrastructure projects featured in the BQ Infrastructure Pipeline as set out in the table below.

KEY ISSUES:

1. Consistent with the requirements of s17(1) of the *Building Queensland Act 2015*, BQ publishes a summary of infrastructure projects it is working on, either as an assist or lead role with business case development.
2. DNRME was given an opportunity to provide feedback on earlier draft documents provided by BQ in May 2019.
3. Following a further review, including consultation with Treasury, of the revised draft documents provided by BQ on 25 June 2019, it is recommended that BQ make the following updates:

Required Updates	Comments
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s.73 Irrelevant information	

Author:	Recommended – ED:	Endorsed – DDG:
Name: Rob Hearn Title/Business Group: M/WESG Telephone: 3199 4895 Date: 03 July 2019	Name: Bernadette Zerba Title/Business Group: ED WS Telephone: 3137 4265 Date: 03 July 2019	Name: Linda Dobe Title/Business Group: DDG Natural Resources Telephone: 3166 0132 Date: Bypassed

RISK:

4. N/A

CONSISTENCY WITH ELECTION COMMITMENTS AND GOVERNMENT OBJECTIVES:

5. s.73 Irrelevant information

6.

7.

RESOURCE IMPLICATIONS:

8. N/A

COMMUNICATION:

9. N/A

BACKGROUND:

10. BQ provides the Queensland Government with independent, expert advice on major infrastructure and it works closely with all departments, government-owned corporations and statutory authorities to guide better infrastructure decision-making.
11. The Infrastructure Pipeline Report presents BQ's independent, expert view of priority infrastructure proposals under development by the Queensland Government. The report is presented in two parts.
 - Part 1: Infrastructure Pipeline identifies Queensland Government infrastructure proposals that are unfunded for delivery with a minimum capital cost of \$50M.
 - Part 2: Funded Proposals provides information on the detailed business cases Building Queensland is leading that have funding commitments for delivery from the Queensland Government.

ATTACHMENTS:

12. **Attachment 1** – Letter to Mr Damian Gould, Chief Executive Officer, BQ

5 JUL 2019

Mr Damian Gould
Chief Executive Officer
Building Queensland
Level 30
12 Creek Street
BRISBANE QLD 4000

damian.gould@bq.qld.gov.au

Dear Mr *Damian* Gould

Thank you for your letter of 25 June 2019 regarding the publication of the latest Infrastructure Pipeline Report.

I understand that the Department of Natural Resources, Mines and Energy (DNRME) feedback has already been considered by Building Queensland however, I request that further edits are made to the Infrastructure Pipeline Report as summarised in the table below:

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s.73 Irrelevant information	

1 William Street Brisbane
PO Box 15216 City East
Queensland 4002 Australia
www.dnrme.qld.gov.au
ABN 59 020 847 551

These requested edits are shown in more detail in the tracked changes included in Attachments 1 to 5.

Thank you for the opportunity to review these project details before the Infrastructure Pipeline Report is finalised.

Should you have any further enquiries, please contact Mr Robert Hearn, Manager, Economics and Governance, Department of Natural Resources, Mines and Energy on telephone 3199 4895.

Yours sincerely,



James Purtill
Director-General

Atts

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Release

NWIDE Feasibility Studies



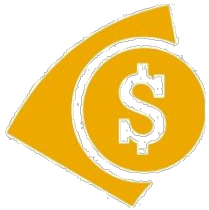
First round

All 15 completed

Second round

5 studies funded

2 underway

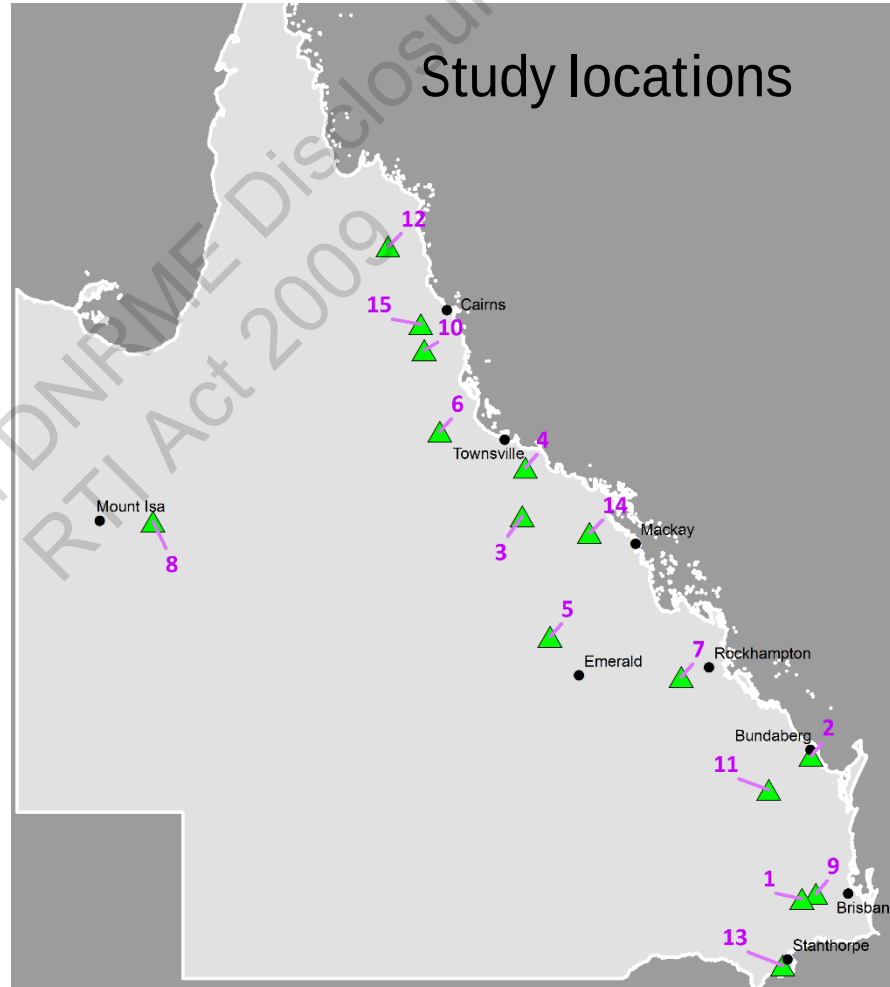


First round

\$24.8 million

Second round

\$46.5 million



Study details

– Second Round of studies

No	Project	Proponent	Description	Expected completion	Status
----	---------	-----------	-------------	---------------------	--------

6	s.73 Irrelevant information				
11					
12					
13					
14					

Study details

– First round of assessments (complete)

No	Project	Proponent	Description	Completed	Status
1	s.73 Irrelevant information				
2					
3					
4					
5					
6					
7					
8					

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RTI Act 2009

Study details

– First round of assessments (complete)

No	Project	Proponent	Description	Completed	Status
9	s.73 Irrelevant information				
10					
11					
12					
13					
14					
15	Nullinga Dam	Building Queensland	Detailed business case for Nullinga Dam and associated distribution works	June 2019	Reviewed by Qld Gov and released to public and Au Gov. Economic assessment indicates very limited return on any investment.

19-275

File A Documents

Page 46 of 75

Study details

Other projects

No	Project	Proponent	Description	Dates
s.73 Irrelevant information				

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Department of Natural Resources, Mines and Energy
DEPARTMENT BRIEFING NOTE

Approved / Not approved / Noted

To Linda Dobe, Deputy Director General

SUBJECT: NWIDF Nullinga Dam detailed business case – claim for payment from Australian Government

TIMING: Required by 2 August 2019

Signature.....

Name.....

Dated...../...../.....

RECOMMENDATION:

It is recommended that you:

- a. **Note** the Nullinga Dam detailed business case, including a public release version, was submitted to DNRME by Building Queensland (BQ) and submitted for consideration by CBRC.
- b. **Note** that CBRC approved release of the public release version and sending the detailed business case to the Australian Government.
- c. **Sign** a letter to the Australian Government to report completion and provide a copy of the Nullinga Dam detailed business case and claim the funding due from the NWIDF.

KEY ISSUES:

1. BQ has finalised a detailed business case for Nullinga Dam, following its completion of a preliminary business case in 2017 and a subsequent indication of water requirements from the proposed dam by MSF Sugar.
2. The documents submitted by BQ were assessed by DNRME as meeting the requirements of the grant deed (see CTS16988/19).
3. The detailed business case indicates a Nullinga Dam is not financially or economically viable under any scenario, with a benefit cost ratio of 0.1.
4. DNRME submitted the detailed business case to Cabinet for its consideration.
5. Cabinet endorsed release of the detailed business case and sending the documents to the Australian Government for its consideration – media statements were made on 2 August 2019.
6. It is appropriate that you sign a letter to the Australian Government advising completion of the detailed business case, providing a copy of the public release version documents and claiming the funding due under the NWIDF (**Attachment 1**).

RISK:

7. N/A

CONSISTENCY WITH ELECTION COMMITMENTS AND GOVERNMENT OBJECTIVES:

8. N/A.

RESOURCE IMPLICATIONS

9. Finance / Budget – By sending the attached letter, DNRME is making a claim to the Australian Government for a funding payment (\$3,500,000) in line with the National Project Agreement and accompanying Bilateral Schedule for the NWIDF.
10. Once funding is received from the Australian Government, BQ will be advised to submit its invoice for the work and payment will be endorsed through a separate briefing note.

COMMUNICATION:

11. Media releases regarding the outcomes of the Nullinga Dam detailed business case have been made on 2 August 2019.
12. BQ will publish the Nullinga Dam detailed business case documents on its website.

BACKGROUND:

13. BQ has developed the detailed business case for Nullinga Dam, with officers from appropriate agencies providing input and reviewing the work as the project progressed.
14. The Nullinga Dam detailed business case has been reviewed by the BQ Board, which has endorsed it for submission to the Queensland Government for its consideration.

ATTACHMENTS:

1. DNRME letter of claim to the Australian Government

Ms Diana Hallam
Executive Director
Regional Development and Local Government Division
Department of Infrastructure, Regional Development and Cities
GPO Box 594
CANBERRA CITY ACT 2601
Email: Diana.Hallam@infrastructure.gov.au

Dear Diana

Re: National Water Infrastructure Development Fund Part 1 – 2018/19 reporting

As required by the Bilateral Schedule to the National Partnership Agreement for Part 1 of the National Water Infrastructure Development Fund, I am pleased to advise the Queensland Government is satisfied the milestone set out in the table below has been successfully met. As such, I request the associated milestone payment be transferred to Queensland Treasury.

Project	Milestone description	Payment
Nullinga Dam feasibility study	Milestone 2 – delivery of stage 2 detailed business case	\$3,500,000

As the report documents themselves are too large to email, they will be uploaded to your department's secure transfer site and advice will be provided once that has been done.

I would be grateful if you could confirm your agreement with the achievement of this milestone and clarify when the funds transfer will occur. For ease, an email to Grant Horton, Director, grant.horton@dnrme.qld.gov.au (c.c. to Paul Hope, paul.hope@dnrme.qld.gov.au) will suffice.

Should you have any queries regarding this matter please contact Mr Grant Horton, Director, Regional Water Infrastructure, Water Markets and Supply, on 07 3166 0157.

Yours sincerely

Linda Dobe
Deputy Director-General, Natural Resources

Cc: Mr Drue Edwards, By email: Drue.Edwards@infrastructure.gov.au
Leann Palmer Leann.Palmer@infrastructure.gov.au

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CTS20605/19

Prepared by: Paul Hope Title: Principal Advisor Division/Region: RWSI Telephone: 3166 0164 Date Prepared: 19 July 2019	Endorsed by: Grant Horton Title: Director Division/Region: RWSI Telephone: 3166 0157 Date Endorsed:	Endorsed by: Bernadette Zerba Title: GM Division/Region: WS Telephone: 3137 4265 Date Endorsed:	Endorsed by: Linda Dobe Title: DDG Division/Region: WMS Telephone: 3166 0132 Date Endorsed:
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Department of Natural Resources, Mines and Energy
MINISTER'S BRIEFING NOTE – Dr Anthony Lynham MP

SUBJECT: Implementation of the Cabinet Budget Review Committee's decision to protect the Nullinga Dam site.

TIMING: Routine

Policy Advisor.....OK
Chief of Staff OK

Approved / Not approved / Noted

Minister

Dated/...../.....

RECOMMENDATION:

It is recommended that you:

- a. Sign the letter ([Attachment 1](#)) to the Honourable Cameron Dick MP, Minister for State Development, Manufacturing, Infrastructure and Planning, ([Attachment 1](#)) requesting the Office of the Coordinator-General lead investigations into protecting the Nullinga Dam site, consistent with [sch3\(2\)\(1\)\(b\) Cabinet matter - Would reveal consideration of Cabinet](#).
- b. Note the project plan ([Attachment 2](#)) for the implementation of the [sch3\(2\)\(1\)\(b\) Cabinet matter - sch3\(2\)\(1\)\(b\) Cabinet](#) to protect the Nullinga Dam site.
- c. Note that the Department for Natural Resources, Mines and Energy (DNRME) will provide advice to Minister Lynham the Honourable Dr Anthony Lynham MP, Minister for Natural Resources, Mines and Energy yourself, relevant ministers and/or Cabinet depending on the outcomes of this work, on a recommended option and implementation plan.
- d. Note that it is intended to ask Ms Toni Power, the Coordinator-General to lead the assessment and provide a recommendation of a preferred option to protect the Nullinga Dam site.
- e. Note that DNRME and the Office of Coordinator-General staff have been undertaking preliminary work on planning, refresh of options and scope and confirmation of potentially incompatible land uses, with the intention of providing a recommended option by 31 January 2019.

KEY ISSUES:

1. The detailed business case for the Nullinga Dam and Mareeba Dimbulah Water Supply Scheme Improvement Project (NDMIP) was completed by Building Queensland in June 2019, and determined that a Nullinga Dam is not financially or economically viable.
2. The NDMIP was considered by government in August 2019 and, among other things, CBRC Decision No. 824 determined:
'that the Office of the Coordinator-General in the Department of State Development, Manufacturing, Infrastructure and Planning, in conjunction with the Department of Natural Resources, Mines and Energy, will take immediate steps to protect the proposed Nullinga Dam site as a strategic precautionary measure, including investigation and potential declaration of a state development area'.
3. In 2018, following the preliminary business case and consistent with [sch3\(2\)\(1\)\(b\) Cabinet matter](#) the Office of the Coordinator-General assessed options to protect the proposed Nullinga Dam site from incompatible development.
4. The findings suggest that the declaration of a State Development Area (SDA) under the State Development and Public Works Organisation Act 1971 could be an effective instrument to protect the proposed Nullinga Dam. An SDA can control land use through the implementation of a development scheme, and provide an additional protection mechanism through the powers of the Coordinator-General to acquire land in an SDA.
5. The Coordinator-General's report ([Attachment 3](#)) notes that declaration of an SDA should only be further considered if the [detailed business case DBC](#) recommends the project proceed.
6. It is, however, considered however, that the strategic benefits in acting in a precautionary way to protect the site for decisions in the future mean the process for commencing initial steps, including investigation of a potential SDA, should commence immediately.

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7. The project plan ~~at~~ **(Attachment 2)** outlines the actions, roles and responsibilities proposed to implement the **sch3(2)(1)(b) Cabinet matti** to protect the site.
8. To initiate the work, the letter ~~(see at~~ **Attachment 1)** requests the Office of the Coordinator-General lead the investigations, in collaboration with DNRME, and make a recommendation to ~~DNRME the department~~ on the best way to protect the Nullinga Dam site from incompatible development.
9. Investigations will consider:
- ~~The level of protection that is effectively already in place due to local land use plans.~~
 - ~~The scale of restrictions that may be applied, in terms of permissible land use activities.~~
 - ~~The spatial application of any restrictions (impoundment, dam wall/saddle sites).~~
 - ~~Analysis of the various mechanisms available for site protection including, but not limited to, SDA state Development Areas, the S state pPlanning pPolicy, and existing protections under local planning zones.~~
10. Investigations will seek to ~~determine the risk and likelihood of the types of incompatible development likely to be incompatible occurring occur~~ and to protect the dam site from ~~those types of development incompatible development~~ with minimal impact on land-owners given the long-term nature of the protection and uncertainty around any dam construction.
11. Different protection mechanisms will have different implementation requirements and timeframes. An implementation plan will be developed and will incorporate appropriate community consultation for the recommended protection mechanism.
- ~~12. It is proposed this work be undertaken as soon as possible. Work has already begun regarding considering the types of development likely to be incompatible and potential options, with~~
- ~~13. 14. It is intended that the Office of the Coordinator-General will provide a recommended option and associated implementation plan to DNRME by 31 January 2020.~~
- ~~13. 14.~~ Following completion of the investigations, DNRME will provide advice to you ~~self~~, relevant ministers and/or Cabinet depending on the recommended actions moving forward.

RISK:

15. **sch3(2)(1)(b) Cabinet matter - Would reveal consideration of Cabinet/prejudice confid** While the work is underway, the ~~g~~Government could be seen to be delaying protection of the site by not having already implemented protections. Appropriate assessment and community consultation is required before protection mechanisms that potentially impact land-owner rights can be implemented.
- ~~14. 16. However, acting without fully considering the options and potential implications, presents risks associated without properly considering the implications and consulting with affected landholders. This is particularly important given the potential of certain options impacting landholders existing or future rights.~~
- ~~15. 17.~~ Landowners are likely to have concerns around the impact of site protection on their land use activities. Targeted consultation will be undertaken for ~~relevant~~ landowners ~~and the relevant local governments.~~

CONSISTENCY WITH ELECTION COMMITMENTS AND GOVERNMENT OBJECTIVES:

~~16. 18.~~ N/A.

RESOURCE IMPLICATIONS:

~~17. 19.~~ N/A.

COMMUNICATION:

~~18. 20.~~ N/A.

BACKGROUND:

—The Nullinga Dam was investigated with funds from the Australian Government's

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National Water Infrastructure Development Fund as an option to support the expansion of irrigated agriculture and potentially help meet Cairns future urban water supply needs.

~~19-21.~~

~~20-22.~~ Investigations have been undertaken by Building Queensland in two stages, a preliminary business case (completed in 2017) and the detailed business case or NDMIP (completed in 2019).

~~21-23.~~ The NDMIP determined that ~~a~~ Nullinga Dam is not financially or economically viable. With Benefit Cost Ratios of around 0.1, the project would return just 10 cents of economic benefits for every dollar invested.

~~22-24.~~ The NDMIP identified a demand for water in the region but only at a price around six times lower than the cost of water from ~~a~~ Nullinga Dam.

~~23-25.~~ The Queensland Government supports the findings of the NDMIP and has decided not to progress Nullinga Dam to construction at this time, but to protect the site as a precautionary measure for the future.

ATTACHMENTS:

~~24-26.~~ **Attachment 1** ~~–~~ Letter to Minister [Cameron Dick MP](#)

~~25.~~ **Attachment 2** ~~–~~ Project plan

~~26.~~ **Attachment 3** ~~–~~ Options analysis for protecting the proposed Nullinga Dam site – May 2018

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Ref [Min-Office No]
CTS 23840/19

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

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The Honourable Cameron Dick MP
Minister for State Development, Manufacturing,
Infrastructure and Planning
PO Box 15009
CITY EAST QLD 4002

Dear Minister ~~Dick~~

I am writing ~~in~~^{with} regards to the recent government deliberations on the Nullinga Dam and Mareeba Dimbulah Water Supply Scheme Improvements ~~—Detailed bBusiness cCase.~~

As part of considering the Nullinga Dam and Mareeba Dimbulah Water Supply Scheme ~~Detailed bBusiness cCase~~ it was resolved to have ~~sch3(2)(1)(b) Cabinet matter - Would~~
~~sch3(2)(1)(b) Cabinet matter - Would reveal consideration~~ the Office of the Coordinator-General in the Department of State Development, Manufacturing, Infrastructure and Planning, in conjunction with the Department of Natural Resources, Mines and Energy (DNRME), ~~will~~ take immediate steps to protect the proposed Nullinga Dam site as a strategic precautionary measure, including investigation and potential declaration of a state development area (SDA).

I note that in 2018, following the preliminary business case for Nullinga Dam, and consistent with ~~sch3(2)(1)(b) Cabinet m~~^{previous government consideration}, the Office of the Coordinator-General assessed options to protect the proposed Nullinga Dam site from incompatible development. The findings suggested that the declaration of a ~~State Development Area (SDA)~~ under the ~~State Development and Public Works Organisation Act 1971~~ could be an effective instrument to protect the proposed Nullinga Dam but also noted that this option should only be further considered if the detailed business case recommends the project proceed. It is, ~~however,~~ considered ^{however,} that the strategic benefits in acting in a precautionary way to protect the site for decisions in the future mean the process for commencing initial steps, including investigation of a potential SDA, should commence immediately.

To initiate this work, I write to request that the Office of the Coordinator-General lead investigations into options for the most appropriate protection of the Nullinga Dam site in accordance with ~~sch3(2)(1) government~~ decision, and provide a recommendation as to the most appropriate option, associated implementation and stakeholder consultation requirements.

Investigations should seek to protect the dam site from incompatible development with minimal impact on land-owners given the long-term nature of the protection and uncertainty around any dam construction.

As the lead team for the Nullinga Dam and Mareeba Dimbulah Water Supply Scheme Improvements ~~—Detailed bBusiness cCase~~, the Regional Water Supply Infrastructure ~~Team,~~
~~Water Supply, Natural Resources Division, DNRME team in the Water Markets and~~
~~Supply Natural Resources Division of my department~~ are the appropriate team to collaborate

with the Office of the Coordinator-General on this work. The best contact within this team is Mr Grant Horton, Director, on phone 07 3166 0157 or email: grant.horton@dnrme.qld.gov.au.

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I can confirm that investigations are to be undertaken using internal resources as no funds have been allocated for this work. I understand the relevant teams are already in discussions to progress the decision with the intention being for the Office of the Coordinator-General to provide a recommended option to DNRME by 31 January 2020.

It would be appropriate for the Office of the Coordinator-General to provide the outcomes of its investigations to DNRME my department, and I will advise relevant Ministers and/or Cabinet accordingly.

I appreciate your cooperation with this matter and look forward to the collaborative delivery of this important government commitment.

If you have any questions, please contact Mr Simon Zanatta, Chief of Staff who will be pleased to assist you and can be contacted on 3719 7360.

Yours sincerely

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

Cc: - Ms Toni Power,
Coordinator-General

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CTS ~~23840~~ [CTS No. 1/19](#)

Prepared by: Emma Richter Title: Principal Advisor Division/Region: WMSRegional Water Supply Infrastructure Telephone: 3199 4857 Date Prepared: 10/09/2019	Endorsed by: Bernadette Zerba Title: Executive Director Division/Region: WMSWater Supply Telephone: 3137 4265 Date Endorsed: 17/10/2019	Endorsed by: Linda Dobe Title: DDG Division/Region: WMSNatural Resources Telephone: 3166 0132 Date Endorsed: 22/10/2019
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Project Plan – Nullinga Dam – site protection

Background

Building Queensland in collaboration with Sunwater completed the Detailed Business Case (DBC) for Nullinga Dam in June 2019. The DBC concluded that a Nullinga Dam is not financially or economically viable under any scenario.

The Nullinga Dam has been investigated with funds from the Australian Government's National Water Infrastructure Development Fund as an option to support the expansion of irrigated agriculture and potentially help meet Cairns future urban water supply needs.

CBRC agrees with the findings of the DBC and has decided that Nullinga Dam will not be advanced towards construction at this stage. The CBRC resolved to protect the Nullinga Dam site as a precautionary measure for the future.

Following the preliminary business case, the Office of the Coordinator-General assessed options to protect the proposed Nullinga Dam site from incompatible development. The report noted that site protection should only be further considered if the DBC recommends the project proceed.

This project plan outlines the steps the Department of Natural Resources, Mines and Energy (DNRME) will undertake to investigate options to protect the Nullinga Dam site as part of the Cabinet Budget Review Committee's (CBRC) decision:

- "that the Office of the Coordinator-General in the Department of State Development, Manufacturing, Infrastructure and Planning, in conjunction with the Department of Natural Resources, Mines and Energy, will take immediate steps to protect the proposed Nullinga Dam site as a strategic precautionary measure, including investigation and potential declaration of a state development area".

Roles and Responsibilities

DNRME is responsible for facilitating the investigation in cooperation with the Office of the Coordinator General. It is intended that the Office of the Coordinator General would lead the investigation and report back to the Minister Lynham via DNRME on the outcomes and results. This DNRME's role includes:

- *Providing the Office of the Coordinator General with clear direction on the advice and format required*
- *Providing technical information and advice where required to support investigations*
- *Liaising with relevant departments and stakeholders as required*
- *Briefing the Ministers office as required*

Scope of project

The scope of this project relates to the delivery of advice to the Minister for Natural Resources, Mines and Energy on a recommended option to protect the Nullinga Dam site (or relevant parts of it) from development that may be considered incompatible with construction of the dam at any point in the future.

Delivery and milestones both DNRME's and the Office of the Coordinator-General's roles is to facilitate the delivery of the CBRC decision to investigate protection of the dam site as a precautionary measure.

Implementation of the recommended mechanism for protection of the site is outside the scope of this project.

Some stakeholder engagement is likely to be needed with at least the local governments and some land holders that are directly in the area of the dam and impoundment area.

Resources and Team

This activity will be led by the Regional Water Infrastructure team in the Water Markets and Supply Division in cooperation with the State Development Areas team of the Office of the Coordinator-General, but will need input from other staff across DNRME and other Queensland Government agencies.

Lead: Emma Richter

Other Team members: Darren Thompson, Grant Horton, Sunwater

Milestones and deliverables

Milestone	Deliverable	Lead	Date
1.	DNRME to provide advice in writing to the Office of the Coordinator General on: a. Land uses that may be considered incompatible development for the Nullinga Dam site. Such uses may be considered incompatible if they impact the geological structure of the dam wall site, have potential to impact water quality or could greatly increase the costs of acquiring the land for the development of the dam in the future. b. The area of land that requires protection from incompatible development and whether this includes the whole impoundment or sections where the dam construction would occur.	DNRME (Regional Water Supply Infrastructure - Emma Richter)	5 September 2019
2.	DNRME to draft letter from Minister Lynham to the Coordinator-General formally requesting his office to undertake an assessment of the options to protect the site and provide report including a recommendation for the most appropriate option.	DNRME (Regional Water Supply Infrastructure - Emma Richter) Emma Richter	<u>30 October 2019</u>
3.	The Office of the Coordinator General to develop a paper to include options for site protection, a recommended option and associated implementation processes, <u>and provide the report to DNRME.</u>	Office of the Coordinator-General	<u>CoG to provide advice on timing 31 January 2020</u>
4.	<u>The Office of the Coordinator General to provide report to DNRME.</u>	Office of the Coordinator-General	<u>CoG to provide advice on timing</u>
5.	DNRME to provide a advice to Minister Lynham, relevant Minister or Cabinet, depending on the outcomes of the investigations, on a recommendation mechanism for protection of the site and an implementation plan.	DNRME (Regional Water Supply Infrastructure - Emma Richter) Emma Richter	<u>Subject to finalisation of timing of CoG's advice February 2020</u>

Risk Assessment

A preliminary scan of risks has been undertaken and is included below:

Risk	Likelihood	Potential mitigation actions
Investigations take time and the Government is criticised for not taking the immediate action it promised.	Possible	Minister's office is kept updated on the progress of the project briefed accordingly. The work is undertaken as efficiently as possible.
Implementation of the recommended option is lengthy and the Government is criticised for delaying action.	Possible	Implementation of the recommended option is outside the scope of this project. This risk has been included for completeness.

		Effective communication to stakeholders will form part of any recommended implementation plan.
Land holders are not happy with the recommended mechanism and the restrictions it imposes.	Possible	Implementation of the recommended option is outside the scope of this project. This risk has been included for completeness. Appropriate stakeholder consultation form part of the recommended implementation plan.
Incompatible development occurs at the site prior to the implementation of any protection mechanism.	Unlikely	There are existing protection mechanisms on the site as part of the local regional plan. Zoning of the area offers protection against a majority of incompatible developments.

Stakeholders

Relevant stakeholders for DNRME's role in the facilitation of funding and the review of the assessment include the Ministers office and State agencies (primarily DPC, QT, DSDMIP and DES). Other stakeholders include Sunwater and the local Councils and relevant landholder communities.

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

SUBJECT: Nullinga Dam

TIMING: Urgent – as per request from the Minister's Office

Policy Advisor.....OK

Chief of Staff OK

Approved / Not approved / Noted

Minister

Dated...../...../.....

RECOMMENDATION:

It is recommended that you:

- a. **Note** that the Queensland Government's decision not to proceed with Nullinga Dam at this time reflects the economic, financial and commercial findings of the detailed business case (DBC) and the Government's objectives and principles for bulk water infrastructure, as set out in the Queensland Bulk Water Opportunities Statement (QBWOS).

b. sch3(2)(1)(b) Cabinet matter - Would reveal consideration of Cabinet/prejudice confidentiality

c. s.73 Irrelevant information

KEY ISSUES:

1. Building Queensland in collaboration with Sunwater completed the DBC for Nullinga Dam in June 2019 concluding that a Nullinga Dam is not financially or economically viable under any scenario.
2. The DBC was developed in accordance with Building Queensland's Business Case Development Framework and Queensland Treasury's Project Assurance Framework.
3. The Queensland Government considered the DBC in August 2019 and in support of the findings, decided not to proceed with a Nullinga Dam at this time, but to take measures to protect the site.
4. The DBC shows that the cost of constructing Nullinga Dam would be far greater than the benefits to the local and wider economy. For each dollar invested in construction, just 10 cents would be recovered through economic activity (BCR 0.1).
5. The business case identified customer demand for water in the region, primarily for expansion of the sugar cane industry. However, the demand is considered uncertain as customers only indicated a willingness to pay around \$2000-\$3000/ML, and water from a Nullinga Dam would cost upwards from \$15 900/ML under a full cost recovery approach. Capital investment by the state and/or federal governments to bring these costs down to \$2-3000/ML would be around \$0.8 to \$1.2 Billion.
6. The QBWOS provides a clear statement of the Queensland Government's objectives for bulk water supply when considering the investment of scarce public funds. These objectives are:
 - safety and reliability of dams and urban water supplies
 - use existing water resources more efficiently
 - support infrastructure development that provides a commercial return to bulk water providers
 - consider projects that will provide regional economic benefits.
7. To support these objectives, clear principles have been identified that should be applied when considering investment in infrastructure (**Attachment 1**). Such principles include certainty around demand, proven economic benefits and minimum costs to be covered by water users.
8. The DBC revealed that a Nullinga Dam is neither commercial nor economical under any scenario,

coupled with the uncertainty around demand, this renders the proposal inconsistent with the Queensland Government's objectives and comparative principles for bulk water infrastructure.

9. Given the DBC results, there was insufficient justification of the economic benefit to support the investment by the Queensland Government the required funding gap to bring the price of water from Nullinga Dam to a point that is affordable (even under 50/50 funding sharing with the Australian Government).

10. sch3(2)(1)(b) Cabinet matter - Would reveal consideration of Cabinet/prejudice confidentiality

11. The DBC has identified a number of potential alternative bulk water supply solutions as well as non-infrastructure/operational options that may increase the availability of water in the Mareeba-Dimbulah Water Supply Scheme (MDWSS). s.73 Irrelevant information

s.73 Irrelevant information

12.

RISK:

13. Taking steps to protect the Nullinga Dam site may raise expectations that the dam will be constructed at some point in time.

14. s.73 Irrelevant information

15. The State Government may attract criticism for not addressing the demand identified in the DBC.

CONSISTENCY WITH ELECTION COMMITMENTS AND GOVERNMENT OBJECTIVES:

16. The Queensland Government's decision not to proceed with Nullinga Dam is consistent with State Government's objectives and principles for bulk water supply as identified in QBWOS.

RESOURCE IMPLICATIONS:

17. N/A.

COMMUNICATION:

18. A communications strategy was developed as part of State Government deliberations of the DBC. It is the responsibility of Building Queensland and Sunwater, as the owners of the business case, to field inquiries regarding the details and methodologies of the business case itself.

BACKGROUND:

19. The Nullinga Dam is a proposal to dam the Walsh River in far north Queensland, about 55 kilometres south-west of Cairns, as well as making other improvements to the Mareeba Dimbulah Water Supply Scheme, to provide up to 74 000 megalitres per annum in additional water supply.
20. The Nullinga Dam has been investigated with funds from the Australian Government's NWIDF as an option to support the expansion of irrigated agriculture and potentially help meet Cairns future urban water supply needs.
21. Future urban supply for Cairns is not required until the 2060's, meaning that any urban benefits from the dam are outside of the accepted assessment period of the DBC.
22. The DBC detailed two different sized Nullinga Dams and associated distribution infrastructure:
- Reference Project 1 (58 000 ML/a yield). Estimated nominal capital costs, including implementation and risk costs, range from \$1,027.9 Million (M) to \$1,112.1M, depending on decided operations and required distribution infrastructure. Water prices, at full cost recovery, range from \$15 900 to \$17 000 per ML (MP).

- Reference Project 2 (74,000 ML/a yield). Estimated nominal capital costs, including implementation and risk costs, range from \$1,417.4M to \$1,551.1M, depending on decided operations and required distribution infrastructure. Water prices, at full cost recovery, range from \$16 700 to \$18 000 per ML (MP).

23. The Bulk Water Prioritisation Process is a key QBWOS initiative led by DNRME, building on the outputs of NWIDF assessments, and other bulk water planning and assessment activities undertaken by the State. It will be a mechanism for the State to prioritise its bulk water infrastructure agenda, and will help direct financial and human resources towards the most viable proposals, aided by the principles at (**Attachment 1**).
24. There is no commitment from the Australian Government for capital funding for Nullinga Dam.

ATTACHMENTS:

25. **Attachment 1** – Guiding principles for the consideration of bulk water infrastructure

ATTACHMENT 1

Guiding principles for the consideration of bulk water infrastructure

The Queensland Government has endorsed comparative principles which guide the State's assessment of the relative merits of individual bulk water projects. There has been limited capacity to compare the value of separate infrastructure proposals due to the varying degrees of detail and robustness of assessments that have been undertaken. The comparative principles which guide decision making and help the Queensland Government establish its position are:

- a) High degree of certainty regarding the demand for water
- b) If the project is not commercially viable, then the project should have proven economic viability based on realistic assumptions and robust evidence
- c) Proven environmental credentials
- d) At an absolute minimum water users are able to cover the cost of operation and maintenance (including allowance for ongoing renewal) of the scheme through appropriate pricing, and preferably can contribute to construction costs of the project.
- e) When considering moving to investment, firm commitments from potential customers are secured that reflect (d) above and evidence of appropriate sequencing of early activities such as environmental and geotechnical assessments.
- f) Consider the relative benefits of supporting areas where existing supply chains, logistics are developed and established in the area, and there is proven well established and sustainable economically viable agricultural industry, and the lack of water supply is limiting expansion.
- g) Seek credible industry/sectoral based evidence of strong prospect of attracting and establishing economically viable industries, to diversify the economy of the area, that are dependent on or enhanced by secure water supply.
- h) Where principle (d) cannot be achieved, seek a greater Australian Government upfront contribution to reflect the present value of the estimated shortfall in anticipated ongoing operation and maintenance costs (similar to 80/20 type arrangements in the transport sector).
- i) Demonstrated sustainability of the proposal over the life of the asset with no need for ongoing support for operation.

Department of Natural Resources, Mines and Energy
DIRECTOR-GENERAL'S BRIEFING NOTE

Approved / Not approved / Noted

SUBJECT: Claim for payment against National Water Infrastructure Development Fund Nullinga Dam feasibility study – Milestone 3

Signature.....

Name.....

Dated...../...../.....

TIMING: Required by 31 October 2019

RECOMMENDATION:

It is recommended that you:

- a. **Approve** payment of \$3 850 000 (inc GST) to Building Queensland (BQ) for the Nullinga Dam feasibility study, Milestone 3 – the final claim for this study.
- b. **Note** that under CTS 16988/19 (**Attachment 1**), DNRME:
 - Reported completion of a detailed business case for Nullinga Dam to Australian Government.
 - Outlined the results of DNRME's assessment of the detailed business case adequacy in relation to the formal MoU in place between DNRME and BQ.
 - Claimed the funding due, being \$3 500 000 (ex GST) from the Australian Government under the National Water Infrastructure Development Fund (NWIDF).
- c. **Note** Australian Government's funding was received by DNRME on 9 September 2019.

KEY ISSUES:

1. On 9 September 2019, funding was received by DNRME from the Australian Government following a claim for completion of the Nullinga Dam detailed business case under the NWIDF.
2. BQ submitted an invoice to DNRME on 30 September 2019 (**Attachment 2**).
3. It is considered that the invoice is in order for payment and as Director-General, you have the delegated authority to approve payment.

RISK:

4. The funding has been received from the Australian Government prior to being paid to BQ, therefore there is no financial risk to DNRME.

CONSISTENCY WITH ELECTION COMMITMENTS AND GOVERNMENT OBJECTIVES:

5. N/A.

RESOURCE IMPLICATIONS

6. Finance / Budget – the funding for this payment has already been received by DNRME from the Australian Government.

COMMUNICATION:

7. The Nullinga Dam detailed business case documents have already been publicly released following approval by the Queensland Government.

BACKGROUND:

8. BQ finalised a detailed business case for Nullinga Dam, following its completion of a preliminary business case in 2017 and a subsequent indication of water requirements by MSF Sugar.
9. The documents submitted by BQ were assessed by DNRME as meeting the requirements of the grant deed and a claim for the associated funding was made to the Australian Government.
10. The detailed business case indicates Nullinga Dam is not financially or economically viable under any scenario, with a benefit cost ratio of 0.1.

ATTACHMENTS:

11. **Attachment 1** - Briefing note including DNRME's assessment of completion of the Nullinga detailed business case prepared under CTS 16988/19
Attachment 2 - BQ Tax Invoice for Nullinga Dam detailed business case, Milestone 3

Department of Natural Resources, Mines and Energy
DIRECTOR-GENERAL'S BRIEFING NOTE

SUBJECT: Claim for payment against National Water Infrastructure Development Fund Nullinga Dam feasibility study – Milestone 3

TIMING: Required by 31 October 2019

RECOMMENDATION:

It is recommended that you:

- Approve** payment of \$3 850 000 (inc GST) to Building Queensland (BQ) for the Nullinga Dam feasibility study, Milestone 3 – the final claim for this study.
- Note** that under CTS 16988/19 (**Attachment 1**), DNRME:
 - Reported completion of a detailed business case for Nullinga Dam to Australian Government.
 - Outlined the results of DNRME's assessment of the detailed business case adequacy in relation to the formal MoU in place between DNRME and BQ.
 - Claimed the funding due, being \$3 500 000 (ex GST) from the Australian Government under the National Water Infrastructure Development Fund (NWIDF).
- Note** Australian Government's funding was received by DNRME on 9 September 2019.

KEY ISSUES:

- On 9 September 2019, funding was received by DNRME from the Australian Government following a claim for completion of the Nullinga Dam detailed business case under the NWIDF.
- BQ submitted an invoice to DNRME on 30 September 2019 (**Attachment 2**).
- It is considered that the invoice is in order for payment and as Director-General, you have the delegated authority to approve payment.

RISK:

- The funding has been received from the Australian Government prior to being paid to BQ, therefore there is no financial risk to DNRME.

CONSISTENCY WITH ELECTION COMMITMENTS AND GOVERNMENT OBJECTIVES:

- N/A.

RESOURCE IMPLICATIONS

- Finance / Budget – the funding for this payment has already been received by DNRME from the Australian Government.

COMMUNICATION:

- The Nullinga Dam detailed business case documents have already been publicly released following approval by the Queensland Government.

BACKGROUND:

- BQ finalised a detailed business case for Nullinga Dam, following its completion of a preliminary business case in 2017 and a subsequent indication of water requirements by MSF Sugar.
- The documents submitted by BQ were assessed by DNRME as meeting the requirements of the grant deed and a claim for the associated funding was made to the Australian Government.
- The detailed business case indicates Nullinga Dam is not financially or economically viable under any scenario, with a benefit cost ratio of 0.1.

ATTACHMENTS:

- Attachment 1** - Briefing note including DNMRE's assessment of completion of the Nullinga detailed business case prepared under CTS 16988/19
Attachment 2 - BQ Tax Invoice for Nullinga Dam detailed business case, Milestone 3

Approved / Not approved / Noted	
sch4p4(6) Personal inform	
Signature	
Name	
Dated	18/10/19

Author:	Recommended – Director:	Recommended - ED	Endorsed – DDG:
Name: Paul Hope Title/Business Group: RWSI Telephone: 3166 0164 Date: 10 October 2019	Name: Grant Horton Title/Business Group: RWSI Telephone: 3166 0157 Date: 11/10/2019	Name: Bernadette Zerba Title/Business Group: WS Telephone: 3137 4265 Date: 13/10/2019	Name: Linda Dobe Title/Business Group: NR Telephone: 3166 0132 Date: BYPASSED

Department of Natural Resources, Mines and Energy
DEPARTMENT BRIEFING NOTE

To Linda Dobe, Deputy Director General

SUBJECT: Claim for payment against NWIDF s.73 Irrelevant
feasibility study – milestone 5 and claim to
Australian Government

TIMING: Required by 27 June 2019

Approved / Not approved / Noted

Personal information

Signature.....

Name...Linda Dobe

Dated.....26...../...6../ 2019...

RECOMMENDATION:

It is recommended that you:

- a. s.73 Irrelevant
- b.
- c. **Note** that Building Queensland (BQ) has submitted its detailed business case for Nullinga Dam to DNRME for consideration by the Queensland Government prior to its public release.
- d. s.73 Irrelevant
- e. **Sign** a letter to the Australian Government to report: completion of the s.73 Irrelevant
s.73 Irrelevant completion of the Nullinga Dam feasibility study - noting the report will be sent at a later date; and claiming the funding due from the NWIDF for both studies.
- f. **Note** that the following documents will be uploaded to the Department of Infrastructure, Regional Development and Cities secure file transfer facility:
 - a. s.73 Irrelevant
 - b.
 - c. Statement of work activities for the Nullinga DBC from Building Queensland

KEY ISSUES:

1. s.73 Irrelevant
- 2.
- 3.
- 4.
- 5.
- 6.
- 7.
8. BQ has finalised a detailed business case for Nullinga Dam, following its completion of a preliminary business case in 2017 and a subsequent indication of water requirements from the proposed dam by MSF Sugar.
9. The documents submitted by BQ have been assessed by DNRME as meeting the requirements of the grant deed and the invoice has been found appropriate for payment (**Attachment 3**).
10. The detailed business case indicates a Nullinga Dam is not financially or economically viable

under any scenario, with a benefit cost ratio of 0.1.

11. DNRME is in the process of submitting the detailed business case to the Queensland Government for its consideration prior to forwarding it to the Australian Government and a public release.

RISK:

12. s.73 Irrelevant

13. There has been extensive public commentary concerning the Nullinga Dam proposal and an announcement that the detailed business case indicates it is not economically viable is likely to lead to adverse media commentary from some sectors. Appropriate communication strategy and messaging is in preparation for release after Queensland Government has considered the detailed business case.

CONSISTENCY WITH ELECTION COMMITMENTS AND GOVERNMENT OBJECTIVES:

14. N/A.

RESOURCE IMPLICATIONS

15. Finance / Budget - DNRME will make a claim to the Australian Government for reimbursement of the funding payments for both feasibility studies in line with the National Project Agreement and accompanying Bilateral Schedule for the NWIDF (**Attachment 4**).

16. s.73 Irrelevant

COMMUNICATION:

17. s.73 Irrelevant

18. The Nullinga Dam detailed business case documents will not be released until the Queensland Government has considered the findings of this study and approved a public release.

BACKGROUND:

19. s.73 Irrelevant

- 20.
- 21.

- 22.

- 23.

24. BQ has developed the detailed business case for Nullinga Dam, with officers from appropriate agencies providing input and reviewing the work as the project progressed.
25. The Nullinga Dam detailed business case has been reviewed by the BQ Board, which has endorsed it for submission to the Queensland Government for its consideration.

ATTACHMENTS:

1. s.73 Irrelevant

- 2.

3. DNRME Milestone Assessment of Nullinga Dam detailed business case
4. DNRME letter of claim to the Australian Government

TAX INVOICE

Invoice No: IN0000425



Department of Natural Resources, Mines and Energy
PO Box 15216
CITY EAST QLD 4002

Date: 30/09/2019
Customer No: AR000040
Due Date: 14/10/2019

Attention: Grant Horton

Page 1 of 1

Description	Exclusive GST	GST	Amount
Reference: NULLDAM & MDWSS			
MILESTONE PAYMENT - Nullinga Dam and Mareeba			
Dimbulah Water Supply Scheme (MDWSS) DBC			
THIRD Milestone Payment: National Water Infrastructure	3,500,000.00	350,000.00	3,850,000.00
Development Fund (NWIDF) - BQ DBC Complete			

Total excluding GST	\$3,500,000.00
Total GST	\$350,000.00
TOTAL Amount Payable	\$3,850,000.00

Please Pay via Electronic Funds Transfer to:
Commonwealth Bank BSB **064-013** Account **10042668**
with remittance advice emailed to financialops@caa.qld.gov.au

Payment Terms Nett 14 Days

Additional Information If you have any queries regarding this invoice, please email [E finance@bq.qld.gov.au](mailto:finance@bq.qld.gov.au)
or phone [T 07 3237 7502](tel:0732377502).

Date : 9/10/2019 4:15:36 PM
From : "ODDG NATRES"
To : "DLO DNRME"
Cc : "Corro DNRME Minister and DG"
Subject : FW: CTS 26476/19. FW: Briefing note - Nullinga Dam
Attachment : CTS 26476-19 ATTACHMENT 1.docx;CTS 26476-19 Ministerial BRIEFING.docx;image003.png;image004.png;image006.png;image002.png;
Hi Dani

CTS 26476/19 – Please see attached.

ECT - This has been sent to the DLO directly (by-passing ECT) due to urgency.

Many thanks



Chris J. Love (JP Qual)
A/ Correspondence Officer
Business Services | Divisional Support Business Group
Natural Resources Division
Department of Natural Resources, Mines and Energy

P: 3199 7413

E: christopher.love@dnrme.qld.gov.au

A: Level 3, 1 William Street, Brisbane | PO Box 15216, City East Qld 4002

"Believe you can and you're halfway there." – Theodore Roosevelt

From: DLO DNRME <DLO.DNRME@dnrme.qld.gov.au>
Sent: Wednesday, 9 October 2019 3:59 PM
To: ODDG NATRES
Cc: DLO DNRME
Subject: FW: CTS 26476/19. FW: Briefing note - Nullinga Dam

Hi There,

Any movement?

Regards,



Danielle Mahl
Departmental Liaison Officer
Department of Natural Resources, Mines and Energy

P: 3199 4980 M: sch4p4(6) P

E: danielle.mahl@dnrme.qld.gov.au

A: Level 36, 1 William Street, Brisbane QLD 4000

W: www.dnrme.qld.gov.au

From: ODDG NATRES <ODDGNATRES@dnrme.qld.gov.au>
Sent: Wednesday, 9 October 2019 3:27 PM
To: DLO DNRME
Cc: ODDG NATRES
Subject: RE: CTS 26476/19. FW: Briefing note - Nullinga Dam

Hi Dani,

This one is pending Bernadette's approval. I've QA'd it, so once approved by Bernadette it will go straight to ECT.

She should be back in the office any minute.

Kind Regards



Chris J. Love (JP Qual)
A/ Correspondence Officer
Business Services | Divisional Support Business Group
Natural Resources Division
Department of Natural Resources, Mines and Energy

P: 3199 7413

E: christopher.love@dnrme.qld.gov.au

A: Level 3, 1 William Street, Brisbane | PO Box 15216, City East QLD 4002

"Believe you can and you're halfway there." – Theodore Roosevelt

From: DLO DNRME <DLO.DNRME@dnrme.qld.gov.au>

Sent: Wednesday, 9 October 2019 3:25 PM

To: ODDG NATRES

Cc: DLO DNRME

Subject: FW: CTS 26476/19. FW: Briefing note - Nullinga Dam

Hi There,

Can I please follow up on the below?

The deadline was moved from 24 Oct to today.

Regards,



Danielle Mahl

Departmental Liaison Officer

Department of Natural Resources, Mines and Energy

P: 3199 4980 M: [sch4p4\(6\) Per](#)

E: danielle.mahl@dnrme.qld.gov.au

A: Level 36, 1 William Street, Brisbane QLD 4000

W: www.dnrme.qld.gov.au

From: DLO DNRME <DLO.DNRME@dnrme.qld.gov.au>

Sent: Tuesday, 8 October 2019 3:49 PM

To: Corro DNRME Minister and DG; ODDG NATRES

Cc: DLO DNRME; ZERBA Bernadette

Subject: CTS 26476/19. FW: Briefing note - Nullinga Dam

9/10: due 3pm today. PK DLO

Hi ECU

Please create item in MECS allocating to NatRes using the attached template noting due date to MO **12noon 24 October**.

Many thanks,



Pamela Kearns

Departmental Liaison Officer

Department of Natural Resources, Mines and Energy

P +6173199 8287 M: [sch4p4\(6\) \]](#)

E: Pamela.Kearns@dnrme.qld.gov.au

Level 36, 1 William Street, Brisbane QLD 4000

GPO Box 15216, Brisbane QLD 4001

From: Adam Obeid <Adam.Obeid@ministerial.qld.gov.au>

Sent: Tuesday, 8 October 2019 3:46 PM

To: ZERBA Bernadette

Cc: DLO DNRME

Subject: Briefing note - Nullinga Dam

Hi Bernadette,

Could I please request briefing note on Nullinga Dam, particularly on why the dam didn't progress.

Adam



Adam Obeid

Policy Advisor

E: adam.obeid@ministerial.qld.gov.au

Office of the Hon. Dr Anthony Lynham MP

Minister for Natural Resources, Mines and Energy

T: 07 3719 7369 M: [sch4p4\(6\) P](#)

Lvl 36, 1 William Street Brisbane QLD 4000

PO Box 15216 City East QLD 4002

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RTI Act 2009

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

SUBJECT: Nullinga Dam

TIMING: Urgent – as per request from the Minister's Office

Policy Advisor.....OK

Chief of Staff OK

Approved / Not approved / Noted

Minister

Dated...../...../.....

RECOMMENDATION:

It is recommended that you:

- a. **Note** that the Queensland Government's decision not to proceed with Nullinga Dam at this time reflects the economic, financial and commercial findings of the detailed business case (DBC) and the Government's objectives and principles for bulk water infrastructure, as set out in the Queensland Bulk Water Opportunities Statement (QBWOS).

b. Sch3(2)(1)(b) Cabinet matter - Would reveal consideration of Cabinet/prejudice confidentiality

c. s.73 Irrelevant

KEY ISSUES:

1. Building Queensland in collaboration with Sunwater completed the DBC for Nullinga Dam in June 2019 concluding that a Nullinga Dam is not financially or economically viable under any scenario.
2. The DBC was developed in accordance with Building Queensland's Business Case Development Framework and Queensland Treasury's Project Assurance Framework.
3. The Queensland Government considered the DBC in August 2019 and in support of the findings, decided not to proceed with a Nullinga Dam at this time, but to take measures to protect the site.
4. The DBC shows that the cost of constructing Nullinga Dam would be far greater than the benefits to the local and wider economy. For each dollar invested in construction, just 10 cents would be recovered through economic activity (BCR 0.1).
5. The business case identified customer demand for water in the region, primarily for expansion of the sugar cane industry. However, the demand is considered uncertain as customers only indicated a willingness to pay around \$2000-\$3000/ML, and water from a Nullinga Dam would cost upwards from \$15 900/ML under a full cost recovery approach. Capital investment by the state and/or federal governments to bring these costs down to \$2-3000/ML would be around \$0.8 to \$1.2 Billion.
6. The QBWOS provides a clear statement of the Queensland Government's objectives for bulk water supply when considering the investment of scarce public funds. These objectives are:
 - safety and reliability of dams and urban water supplies
 - use existing water resources more efficiently
 - support infrastructure development that provides a commercial return to bulk water providers
 - consider projects that will provide regional economic benefits.
7. To support these objectives, clear principles have been identified that should be applied when considering investment in infrastructure (**Attachment 1**). Such principles include certainty around demand, proven economic benefits and minimum costs to be covered by water users.
8. The DBC revealed that a Nullinga Dam is neither commercial nor economical under any scenario,

coupled with the uncertainty around demand, this renders the proposal inconsistent with the Queensland Government's objectives and comparative principles for bulk water infrastructure.

9. Given the DBC results, there was insufficient justification of the economic benefit to support the investment by the Queensland Government the required funding gap to bring the price of water from Nullinga Dam to a point that is affordable (even under 50/50 funding sharing with the Australian Government).

10. sch3(2)(1)(b) Cabinet matter - Would reveal consideration of Cabinet/prejudice confidentiality

11. The DBC has identified a number of potential alternative bulk water supply solutions as well as non-infrastructure/operational options that may increase the availability of water in the Mareeba-Dimbulah Water Supply Scheme (MDWSS). s.73 Irrelevant information

s.73 Irrelevant information

- 12.

RISK:

13. Taking steps to protect the Nullinga Dam site may raise expectations that the dam will be constructed at some point in time.

14. s.73 Irrelevant information

15. The State Government may attract criticism for not addressing the demand identified in the DBC.

CONSISTENCY WITH ELECTION COMMITMENTS AND GOVERNMENT OBJECTIVES:

16. The Queensland Government's decision not to proceed with Nullinga Dam is consistent with State Government's objectives and principles for bulk water supply as identified in QBWOS.

RESOURCE IMPLICATIONS:

17. N/A.

COMMUNICATION:

18. A communications strategy was developed as part of State Government deliberations of the DBC. It is the responsibility of Building Queensland and Sunwater, as the owners of the business case, to field inquiries regarding the details and methodologies of the business case itself.

BACKGROUND:

19. The Nullinga Dam is a proposal to dam the Walsh River in far north Queensland, about 55 kilometres south-west of Cairns, as well as making other improvements to the Mareeba Dimbulah Water Supply Scheme, to provide up to 74 000 megalitres per annum in additional water supply.
20. The Nullinga Dam has been investigated with funds from the Australian Government's NWIDF as an option to support the expansion of irrigated agriculture and potentially help meet Cairns future urban water supply needs.
21. Future urban supply for Cairns is not required until the 2060's, meaning that any urban benefits from the dam are outside of the accepted assessment period of the DBC.
22. The DBC detailed two different sized Nullinga Dams and associated distribution infrastructure:
- Reference Project 1 (58 000 ML/a yield). Estimated nominal capital costs, including implementation and risk costs, range from \$1,027.9 Million (M) to \$1,112.1M, depending on decided operations and required distribution infrastructure. Water prices, at full cost recovery, range from \$15 900 to \$17 000 per ML (MP).

- Reference Project 2 (74,000 ML/a yield). Estimated nominal capital costs, including implementation and risk costs, range from \$1,417.4M to \$1,551.1M, depending on decided operations and required distribution infrastructure. Water prices, at full cost recovery, range from \$16 700 to \$18 000 per ML (MP).

23. The Bulk Water Prioritisation Process is a key QBWOS initiative led by DNRME, building on the outputs of NWIDF assessments, and other bulk water planning and assessment activities undertaken by the State. It will be a mechanism for the State to prioritise its bulk water infrastructure agenda, and will help direct financial and human resources towards the most viable proposals, aided by the principles at (**Attachment 1**).
24. There is no commitment from the Australian Government for capital funding for Nullinga Dam.

ATTACHMENTS:

25. **Attachment 1** – Guiding principles for the consideration of bulk water infrastructure

ATTACHMENT A

Guiding principles for the consideration of bulk water infrastructure

The Queensland Government has endorsed comparative principles which guide the State's assessment of the relative merits of individual bulk water projects. There has been limited capacity to compare the value of separate infrastructure proposals due to the varying degrees of detail and robustness of assessments that have been undertaken. The comparative principles which guide decision making and help the Queensland Government establish its position are:

- a) High degree of certainty regarding the demand for water
- b) If the project is not commercially viable, then the project should have proven economic viability based on realistic assumptions and robust evidence
- c) Proven environmental credentials
- d) At an absolute minimum water users are able to cover the cost of operation and maintenance (including allowance for ongoing renewal) of the scheme through appropriate pricing, and preferably can contribute to construction costs of the project.
- e) When considering moving to investment, firm commitments from potential customers are secured that reflect (d) above and evidence of appropriate sequencing of early activities such as environmental and geotechnical assessments.
- f) Consider the relative benefits of supporting areas where existing supply chains, logistics are developed and established in the area, and there is proven well established and sustainable economically viable agricultural industry, and the lack of water supply is limiting expansion.
- g) Seek credible industry/sectoral based evidence of strong prospect of attracting and establishing economically viable industries, to diversify the economy of the area, that are dependent on or enhanced by secure water supply.
- h) Where principle (d) cannot be achieved, seek a greater Australian Government upfront contribution to reflect the present value of the estimated shortfall in anticipated ongoing operation and maintenance costs (similar to 80/20 type arrangements in the transport sector).
- i) Demonstrated sustainability of the proposal over the life of the asset with no need for ongoing support for operation.