



**QUEENSLAND WATER
INFRASTRUCTURE PTY LTD**

ABN 18 119 634 427

Level 8, 119 Charlotte Street
Brisbane Q 4000
PO Box 15940 City East Q 4002

P 07 3406 7100
F 07 3406 7292
W www.qldwi.com.au

Date: 12 July 2007
Reference: GN/VE

Jeanette Radcliffe
Committee Secretary
Senate Rural & Regional Affairs and Transport Committee
Department of the Senate
PO Box 6100
Parliament House
CANBERRA ACT 2600

Dear Ms Radcliffe

**Senate Committee Inquiry in respect of Additional Water Supplies for
South East Queensland – Traveston Crossing Dam**

We refer to the recent hearings held by the Senate Committee on Rural and Regional Affairs and Transport in relation to the above inquiry.

We note that during the second and final hearing days by the Senate Committee, officers of QWI gave evidence in response to requests for clarification concerning the Government's intentions with respect to Stage 2 of Traveston Crossing dam.

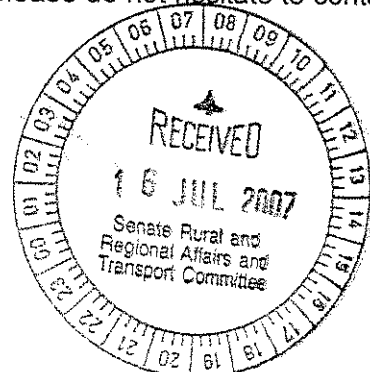
On 10 May 2007, the Federal Minister for the Environment and Water wrote to QWI requesting clarification in respect of the relationship between Stage 1 and Stage 2. Accordingly, we consider it appropriate to ensure that the Senate Committee is informed of the responses provided by QWI to the Federal Minister in respect of this issue, and to confirm QWI's current intention to proceed only with Stage 1 at the present time.

We therefore enclose for your consideration a copy of the letter which QWI provided to the Minister on 15 June 2007 in response to the Minister's request for clarification.

Should you require further information in relation to this issue, please do not hesitate to contact me

Yours sincerely


Graeme Newton
Chief Executive Officer
QUEENSLAND WATER INFRASTRUCTURE PTY LTD





QUEENSLAND WATER
INFRASTRUCTURE PTY LTD

ABN 18 119 634 427

Level 8, 119 Charlotte Street
Brisbane Q 4000
PO Box 15940 City East Q 4002

P 07 3406 7100
F 07 3406 7292
W www.qldwi.com.au

Date: 15 June 2007
Reference: COR_LTR_VIE_EPBC

The Hon. Malcolm Turnbull, MP
Minister for the Environment and Water Resources
Parliament House
CANBERRA ACT 2600

Dear Minister

Traveston Crossing Dam (EPBC Ref: 2006/3150)

I refer to your correspondence dated 10 May 2007 regarding the above referral by Queensland Water Infrastructure Pty Limited (*QWI*) for the Traveston Crossing Dam project.

As detailed in Referral 2006/3150, QWI proposes to undertake Stage 1 of the Traveston Crossing Dam project, and is seeking your approval to carry out necessary controlled actions pursuant to the *Environment Protection and Biodiversity Conservation Act 1999* (Cth) (the **EPBC Act**).

Your correspondence identifies a range of issues on which clarification is sought in relation to the decision by QWI not to refer Stage 2 of the project simultaneously with Stage 1. I understand that the specific concerns on which you seek clarification are:

- the construction of the dam wall and selected associated infrastructure to Stage 2 planning levels;
- the current purchasing policy for land within the Stage 2 in advance of any referral of Stage 2; and
- media reports that the Queensland Premier had stated that Stage 2 of the Traveston Crossing Dam would be constructed.

QWI welcomes the opportunity to clarify these matters as, from a review of submissions made to the Inquiry by the Senate Rural and Regional Affairs and Transport Committee, it seems that some of the concerns may have arisen because of a misunderstanding about the construction methodology for Stage 1, the further construction works that could be required if Stage 2 proceeds and what is actually occurring, in accordance with QWI's land purchasing policy, for the acquisition of land associated with Stage 1 and the possible Stage 2.

1. Introduction

The essence of QWI's response, which is explained in the following paragraphs is:

- QWI is not proposing to construct and operate Stage 2 of the proposed Traveston Crossing Dam – that is, it is not a proposed action under the EPBC Act;
- Stage 1 will be constructed in a way that facilitates, because of construction efficiencies, the later development of Stage 2 if the Queensland Government later decides that Stage 2 should proceed – this is considered to be a prudent course of action in all the circumstances;
- A decision about Stage 2 will be taken at a later date (approximately 2035) as, with technology changes, population projections, climate change and project assessment requirements in the intervening period, a different solution to satisfy the water supply needs for south east Queensland may be considered more appropriate at that time ;
- The associated infrastructure proposed to be relocated is infrastructure directly affected by Stage 1; however, as some of that infrastructure will also be impacted by Stage 2 (if Stage 2 in fact proceeds), it is considered prudent to relocate that infrastructure in a manner which accommodates the possible Stage 2 to avoid having to incur the possible cost of relocating that infrastructure twice;
- Given there is no intention to construct and operate Stage 2 now, it is not appropriate for an approval to be sought simultaneously for Stages 1 and 2 at this point;
- QWI's decision to stand in the market and now acquire properties which may be required for Stage 2 has been taken to provide as much certainty as possible to landholders that may be affected by Stage 2, if Stage 2 proceeds. This approach was adopted by QWI as a result of feedback from the local community;
- There are a number of legal and financial disincentives which support the approach taken in the initial referral to the Minister; and
- QWI is not aware of any determination by the Queensland Government that Stage 2 will in fact proceed.

2. Project Outline

The information presented in this section is prepared in response to your queries, but essentially it is the same information as was contained in both the Initial Advice Statement for the project and the referral.

2.1 Staged Approach

- In July 2006, the Queensland Government announced that the construction and relocation of associated infrastructure for the Traveston Crossing dam project is proposed to be carried out in two stages.
- The Referral sets out the intention to seek approval for only Stage 1 at the present time¹. QWI proposes to proceed with Stage 1 immediately to meet the short-term need for increasing surface water supply options for the provision of additional water supplies to south east Queensland. Stage 1 of the Traveston Crossing dam project has been identified as a priority by the Queensland Government under the *Water Regulation 2002*.

¹ Sections 2.1, 2.4 and 2.6 of Referral 2006/3150.



- The Referral expressly acknowledges that a separate referral and approval would be required for Stage 2 at a future date (approximately 2035), should it later be determined that Stage 2 is required. On present planning horizons by the Queensland Government, if Stage 2 is required to proceed, it would not be progressed until at least 2035.
- The following table provides a comparison of Stage 1 and Stage 2.

Traveston Crossing Dam Statistics: Stages 1 and 2

	Stage 1	Stage 2
Anticipated annual yield	70,000 megalitres	110,000-150,000 ML (includes 70,000 ML from Stage 1)
Elevation above sea level (at FSL)	71 metres	79.5 metres
Water depth at dam wall	24 metres	32.5 metres
Average depth (in river channel)	12 metres	16.25 metres
Full supply area	3,000 ha	7,135 ha (includes Stage 1 area)
Total capacity	153,000 megalitres	570,000 megalitres (includes Stage 1 capacity)
Length of Mary River inundated	36.5 kilometres	50.7 kilometres
Properties affected	332	597 (includes 332 from Stage 1)
Houses required for dams and roads	76	204 (includes 76 from Stage 1)
Bruce Highway relocation	11.94 km	-
Road relocation	37.29 km	69.63 km (includes 37.29 km from Stage 1)
Rail relocation	-	3.99 km
Scheduled completion	2011	2035 (if required, subject to SEQ demand)

Based on extensive preliminary geotechnical investigations, the proposed site of the Traveston Crossing dam is considered suitable for a design comprising a roller compacted concrete centre section, an earth embankment on the western bank and concrete spillway on the eastern bank. It is proposed that a fish passage device will also be incorporated into the dam design.



The detailed description of the project may change during the EIS process as detailed designs are further developed from the original concept, and an assessment of environmental, social and economic impacts and mitigation measures are considered.

The presentation of a staged project for your consideration was discussed with officers of the Department of Environment and Water Resources prior to the submission of the Referral, and the intention to proceed in this manner has been presented in an open and transparent manner at all times in QWI's dealings with the Department, the Senate Committee Inquiry and with the broader community.

This transparency is evident from the enclosed media release dated 29 November 2006 by Senator the Honourable Ian Campbell, the former Minister for the Environment and Heritage, which confirms that the proposal to construct Stage 1 of the Traveston Crossing dam would require assessment and approval under the EPBC Act and that a proposal for Stage 2 would be referred separately in approximately 2035 as construction of Stage 2 of the dam was not expected to commence until that time.

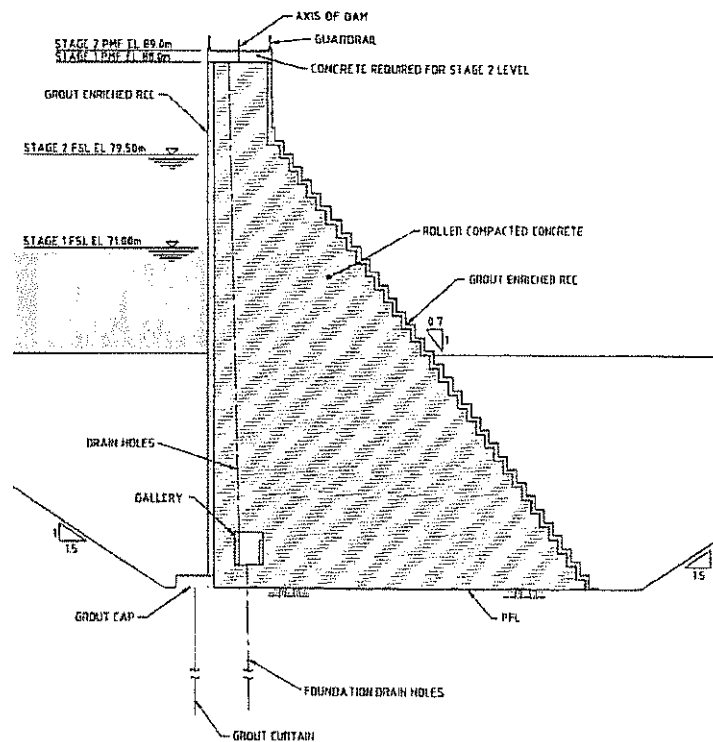
(a) Construction Cost Efficiency

As noted in your correspondence, the principal criterion for the works selected by QWI to be carried out in the Stage 1 works program is construction cost efficiency in view of the long lifespan of the proposed infrastructure. The identification of works for inclusion in the works programs for each of Stages 1 and 2 takes into account the cost of construction of infrastructure to meet the Stage 1 service requirements at present, in comparison with the marginal cost of construction and the relocation of associated infrastructure that might be required if the infrastructure is instead required to be upgraded or relocated a second time to meet the Stage 2 service requirements (should Stage 2 proceed). These cost efficiencies are largely driven from the savings associated with mobilisation of plant, equipment, workforce, sourcing materials and establishing the batching plant for Stage 1 construction.

A clear example of these efficiencies is the comparative volume of the material required for the height difference in the dam wall for Stages 1 and 2 – this volume of material is not significant compared with the balance of the dam wall's volume. The volume of roller compacted concrete required to build the dam to Stage 1 levels is 650,000m³. The additional volume required to build the dam to Stage 2 levels is 5,300m³, or about 0.8% of the volume of roller compacted concrete necessary to build it to Stage 1 levels. Because of the relatively small difference in the required height of the dam wall to accommodate the Probable Maximum Flood (*PMF*) (which concept we explain later in this letter) level at both Stages 1 and 2 (approximately 1 metre only), and the expense that would be incurred by placing this additional volume of roller compacted concrete at a later time (for example, remobilising batch plants), the dam crest is proposed to be constructed during Stage 1 works to Stage 2 levels. However, the embankment height has no effect on the operational Full Supply Level (*FSL*), which is controlled by the operational height of the spillway dam gates.

The width of the base of the dam wall will be built to accommodate Stage 2 levels so that, should a decision be taken in the future to proceed to construct Stage 2, the dam wall structure will be capable of supporting the increase in water volume anticipated at Stage 2. It would be inefficient if the dam wall structure were merely designed to accommodate Stage 1 levels because, in that event, any decision to proceed with Stage 2 would require a complete restructuring of the wall.

The following is a diagram that illustrates the structure of the dam and shows the comparative *PMF* levels and volumes of roller compacted concrete required for each stage.



ROLLER COMPACTED CONCRETE DAM SECTION

Comparison of Stage 1 and Stage 2 PMF water surface elevations

In addition, there is the opportunity to build the access road, fencing, concrete protection walling and necessary safety barriers once only, which would otherwise need to be removed and reinstated if the dam wall was upgraded to Stage 2 levels.

Only infrastructure directly affected at Stage 1 is to be relocated under the present application. Although infrastructure will be relocated to Stage 2 levels where it is more cost effective to do so, where the marginal cost of relocating infrastructure such as local roads is prohibitive and does not justify present construction at the Stage 2 level, that infrastructure will be built at a level adequate only for Stage 1, and will become redundant and require replacement if Stage 2 proceeds. The Queensland Government considers this to be a prudent financial strategy for project formulation to achieve the optimum cost efficiency across both Stages 1 and 2 of the Traveston Crossing dam project. Notwithstanding this approach, the Queensland Government will not be required to determine whether to proceed with Stage 2 until 2035 (under present planning parameters). A map showing the Stage 1 and Stage 2 road relocations, the Bruce Highway Upgrade Corridor, and the FSL for Stages 1 and 2 was included in the Referral. These designs are being reviewed and refined as part of the EIS planning as more information becomes available from planning investigations.

(b) Works necessary to upgrade dam to Stage 2, if it proceeds

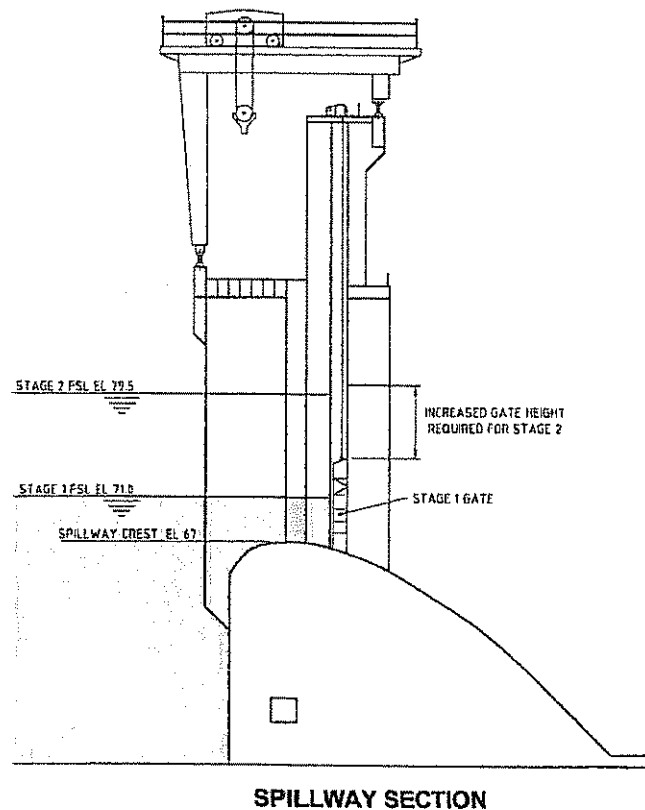
For Stage 1, 7 metre high gates will be installed in the manner depicted in the diagram below. The elevation of the top of the Stage 1 gates is approximately EL 74 which is 3 metres above the Stage 1 FSL of 71m. The 3 metre buffer (that is, the difference between the Stage 1 FSL and the height of the top of the gates) is required to prevent the gates overtopping during flood mitigation operations that will reduce flood impacts at Gympie for floods with up to a 1:100 annual exceedence probability. If a decision were later taken to upgrade the Traveston Crossing dam to operate at Stage 2 levels, it would be



necessary to add extensions to bring the gate height to the required Stage 2 FSL (EL 79.5m). Vertical lift gates would lend themselves to the necessary increase in height. Stage 1 lifting gear would be chosen which would be capable of lifting the Stage 2 gates. The works necessary to upgrade the dam structure to operate at Stage 2 FSL would include:

- construction and installation of 6 vertical lift gate extensions;
- construction and installation of a bulkhead gate extension; and
- modifications to the fish transfer system to meet the Stage 2 operational requirements.

A diagram that illustrates the requirements for raising the Traveston Dam to Stage 2 heights appears below.



The gates will operate as follows:

- As flood waters reach the dam, the gates will be raised to allow the flood waters to pass under the gates;
- For large floods, the gates will be raised completely out of the water to allow the flood waters to pass unhindered; and
- As the flood waters subside, the gates will be lowered and will be closed as the impounded water levels reduce to the FSL at EL71.0.

As can be seen from the above diagram, it will be physically impossible to store water to the Stage 2 FSL in Stage 1. The height of the gates will need to be significantly increased in order to obtain the FSL required for Stage 2.



2.2 Stage 1 Elements

- The elements of the Stage 1 project works are as follows:
- Sourcing of construction materials and construction of access roads;
- Construction of the dam wall to the full height² required for Stage 2;
- Manufacture and installation of Stage 1 dam spillway gates;
- Clearing impoundment area to Stage 1 FSL boundaries (approximate area of 3000 hectares);
- Relocation of powerlines impacted by Stage 1;
- Relocation of telecommunications and other infrastructure and utilities impacted by Stage 1;
- Relocation of roads and highway impacted by Stage 1.

2.3 Stage 2 Elements

The elements of the Stage 2 project works are as follows:

- Purchase of remaining Stage 2 lands not previously purchased by QWI under QWI's voluntary land purchasing policy;
- Stage 2 extended spillway gates to be purchased, manufactured and installed;
- Clearing additional area of impoundment to Stage 2 FSL boundaries (approximate area of 7135 hectares (including Stage 1 area));
- Relocation of additional local roads in Stage 2 area (distance up to 69.63 kilometres, including 37.29 kilometres from Stage 1);
- Modifications to the fish transfer system to meet the Stage 2 operational requirements; and
- Relocation of Valley Rattler railway line (distance of 3.99 kilometres).

2.4 Potential Impacts

The following potential impacts identified are provided as a high level and preliminary summary only at this time. The EIS process will involve the undertaking of significant further assessments to fully determine the potential impacts of the construction and operation of the Traveston Crossing dam. It is anticipated that the EIS process will interact with the development of dam design and routes for relocated roads and other infrastructure, thereby optimising either potential design or impact management solutions.

(a) Property affected

Stage 1 inundation will affect about 3,000 hectares of land at FSL, including 76 houses. The townships of Imbil, Brooloo, Federal, Carter's Ridge and Amamoor will not be affected at FSL for Stage 1.

QWI's modelling shows that a large proportion of the Kandanga township will not be affected by Stage 1 of the dam. Community facilities not affected include: the Kandanga Hall, Bowls Club, swimming pool, school, railway station and railway line, and the hotel. The cemetery will not be affected by Stage 1 FSL.

While the parts of the town that are in lower lying areas, below Main Street, will not be inundated by Stage 1, there is likely to be an increased susceptibility to flood events in this area.

² The difference in the top of the freeboard required above the Probable Maximum Flood levels for Stages 1 and 2 is only approximately 1 metre.



Townships not directly affected by inundation at Stage 1 will be subject to variable indirect effects as a consequence of regional changes to population, local road networks, land use patterns and relocation of utilities.

(b) Infrastructure

Roads

The project will provide an opportunity for new road construction in the Traveston Crossing region, through relocations and upgrades to the existing road network.

A new section of the Bruce Highway will be constructed, approximately 12 kilometres in length, to replace a 4.5 kilometre section that will be inundated at FSL for Stage 1. A number of other roads, including the Mary Valley, Gympie Brooloo, Kenilworth Skyring Creek Roads and the roads joining these in the project area will also be inundated in Stage 1. The relocation and upgrade of the road network will enable roads to be straightened and widened in places, improving travel times and road safety for local residents and through traffic.

The roads which will be impacted by one or both of the Stages are detailed in Table 9 of the Initial Advice Statement (*IAS*) (a copy of which is enclosed). As noted in the *IAS*, re-establishment of the local road network and re-routing of the Bruce Highway may require the acquisition of additional land. The opportunity exists to minimise the land purchase requirements for the highway corridor by utilising land to be purchased for the Traveston Crossing dam and its buffer area.

The EIS process will include consideration of proposed road closures and planning for a new road network to service the area, including realignment of the Bruce Highway.

Buildings

The Stage 1 inundation area will affect 76 houses, and the owners of those properties have been or will be made offers for voluntary purchase by QWI in accordance with its land purchasing policy discussed later in this letter. A small area of Kandanga may be affected by raised flood levels at FSL in Stage 1, which will be the subject of detailed assessment during the EIS process.

Utilities

Local power and telecommunication networks will be affected by Stage 1 of the project. The EIS process will identify the relevant utilities infrastructure that will require relocation during the construction phase and set out arrangements to ensure the services are maintained and disruptions are minimised.

The current intake for the Noosa Shire water pipeline will need to be modified for Stage 1.

Rail

No rail lines are affected by inundation in Stage 1. The 'Valley Rattler' is a tourist steam train that runs between Gympie and Imbil stopping at Kandanga two days per week. There is no impact on the Valley Rattler in Stage 1.

3. Limits on Operation of Stage 1

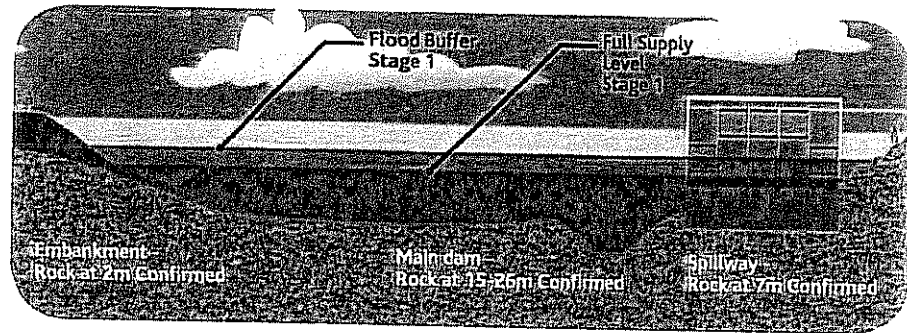
(a) Physical Constraints – Spillway Engineering and Operation

In order to mitigate downstream flooding, a gated spillway will be included, designed in accordance with the Queensland Dam Safety Management (*QDSM*) Guidelines.

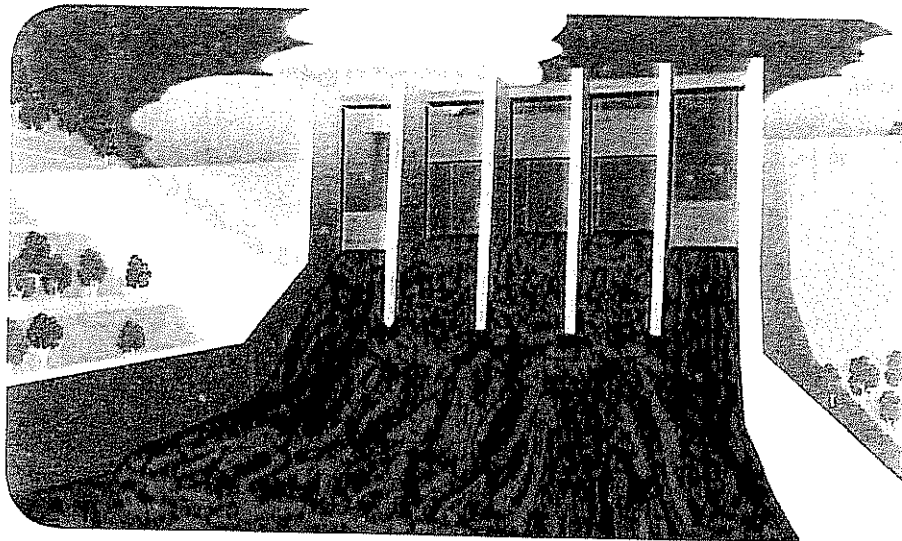


The proposed spillway is to be designed to pass a Probable Maximum Flood (PMF) in accordance with the Australian National Committee on Large Dams (ANCOLD) Guidelines and QDSM Guidelines. The PMF has a probability of occurring in any one year of less than 1 in 500,000.

Spillway's capacity to pass a flood



The dam in operation at full supply level with the flood buffer. This clearly demonstrates the dam's capacity to handle major floods that occur on average once every 100 years.



The reverse side of the spillway as pictured above. The dam spillway gates have been designed for the height of Stage 1. At Stage 2, (around 2035) the spillway gates will be replaced to manage the increased volume.

The land that would be inundated in the event of a 1% AEP (or 1 in 100 year) flood event will be included within the land or water storage easement purchase boundary for Stage 1 of the project.

The dam spillway gates will only be designed to accommodate the Stage 1 operation of the dam. New gates would need to be installed to allow the dam to operate at the Stage 2 FSL. It will be physically impossible to operate the dam at the Stage 2 height with the Stage 1 gates.



(b) **Other constraints**

The spillway to be built in Stage 1 cannot operate at the Stage 2 level for the following additional reasons:

- There will only be environmental approval for Stage 1 and operating the dam storage in excess of the Stage 1 approved operating range will be a breach of the approval and expose the dam operator to prosecution and injunction proceedings.

Some opponents of the project have expressed concern that the construction of Stage 1 will, as a matter of practice, allow operation at Stage 2 levels. This concern ignores the legal effect of an approval of Stage 1 which only authorises Stage 1 as applied for – this is so even without any specific conditions directed at ensuring Stage 1 operating requirements are met. The concern also ignores the significant enforcement powers available, not only to the Federal Government but also to third parties.

- QWI has entered or will enter into long term leaseback arrangements with the majority of Stage 2 affected property owners until 2035. The lease conditions are set out in the land purchasing policy (discussed later in this letter). The cost of terminating these leases earlier than 2035, to enable operation at Stage 2 FSL, would be prohibitive (in comparison with the value of the freehold interest already paid by QWI), as QWI does not enjoy any early right of termination under the terms of the leases.

The reason the main dam wall is to be constructed to the Stage 2 height stems primarily from the construction cost efficiencies mentioned earlier in this letter.

4. **Legislative Approvals Requirements**

There are also a significant number of difficulties arising under the current Queensland approval framework which militate against Stage 2 being approved now.

One of the fundamental features of the reform introduced by the *Integrated Planning Act 1997* (Qld) was the requirement for approvals to have a limited time within which they could be implemented.

The impetus for this approach stemmed from the existence of many rezoning approvals throughout the State, which had been granted many years previously but had not been actioned. It became apparent that if a particular rezoning was not acted on within a reasonable time then this would inhibit future alternate development, and in fact, in most cases prevent it – resulting in stagnation and the freezing of development sites and opportunities.

Hence the "use it or lose it" principle was adopted by the Queensland Government to apply to all development approvals under the *Integrated Planning Act 1997*.

The same principle has been incorporated in the *State Development Public Works Organisation Act 1971* (Qld) (**SDPWO Act**) under which the EIS for Stage 1 of the dam is being prepared. Under the EIS process for the SDPWO Act (which is also the accredited assessment method for Federal environmental approval purposes), the culmination of the process is the issue of the Coordinator-General's Assessment Report. That report is only valid for 4 years so that if the project does not substantially commence by the expiration of that period, the report cannot be acted on and the assessment process must start again.

While there is power to grant an extension of the 4 year period, as its expiry date approaches, it is inconceivable that any long term exemption extending to 2035 would be granted.



The relevant development approvals under the *Integrated Planning Act 1997* needed for Stage 1 and their currency periods include:

- Material change of use – 4 years;
- Operational works – 2 years; and
- Building works – 1 year.

There is power to grant a longer currency period and there is also power to apply for an extension as the expiry date draws closer. Again, however, granting a currency period extending to 2035 would not occur under the current legislation.

It is likely that the major land use approval for the dam will be the obtaining of a community infrastructure designation under the *Integrated Planning Act 1997*. That designation covers the dam construction, inundation, buffer and flood margin areas. Such a designation also ceases to have effect after 6 years unless the relevant land or a relevant public utility easement has been acquired by QWI and construction started. QWI only proposes to seek such a designation in relation to the relevant land for Stage 1.

QWI must question the appropriateness of applying for any EPBC Act approval now when the current best estimates are that Stage 2 may not be developed until 2035, particularly as QWI understands your Department will not usually grant an approval if it believes commencement of the project will be postponed significantly into the future. QWI further understands that the Minister will usually therefore impose, as a condition of approval, project commencement by a specified date, which is not too distant from the date of the approval itself. QWI's referral of Stage 1 only is consistent with this approach. Another advantage of deferring any consideration and, if thought fit, approval of Stage 2 until 2035 is that the base line data that would need to be relied upon for any Stage 2 approval would be more current and accurate at that future time as water resource planning, population changes in the relevant catchment areas, industrial and urban demands and uses for water and climate variability will change significantly in the ensuing 28 years before construction of Stage 2 commences, if indeed Stage 2 commences at all.

5. The Planning Framework

The planning horizons which apply in Queensland are also highly relevant and again emphasise the impracticality of being able to secure an approval now for Stage 2.

The water resource planning framework, highly relevant for the dam, has a 10 year planning horizon with obligations for reviews and consultation with the affected community after 10 years. These reviews must be undertaken in accordance with the provisions of the *Water Act 2000 (Qld)* which itself has considerable emphasis on the achievement of environmental objectives.

Under the *Integrated Planning Act 1997*, planning schemes must also be reviewed every 8 years, such review process requiring public notification and consultation. Queensland local councils are currently implementing their infrastructure plans and the requirements for review of these infrastructure plans is every 4 years.

6. Land Purchasing Policy

QWI has made a firm commitment to treat all landowners affected by the dam fairly and with respect. QWI has developed a land purchasing policy (a copy of which is enclosed) to ensure that negotiations are fair and transparent and landowners are paid fair market value for their land, including provision for reasonable costs incurred as a result of selling their property to QWI.



6.1 Stages 1 and 2

As mentioned above, the Traveston Crossing dam will be completed in two stages. Stage 1 is scheduled for completion in 2011 and Stage 2, if required, may be completed in approximately 2035. As also noted above, it is not considered appropriate at this time to seek full approval for Stage 2 as the current planning horizon does not envisage construction for another 28 years.

However, at the request of landowners and in order to give certainty to landowners, QWI has agreed to purchase voluntarily land identified for both Stages 1 and 2 now, although there is no current certainty that Stage 2 will in fact proceed. This will allow affected landowners to plan for the future with confidence and certainty and will remove much of the distress and anxiety that the project might otherwise cause them.

6.2 Land Purchasing Principles and Process

The land purchasing policy outlines the purchasing process which has been and will be followed by QWI in its negotiations with landowners.

The purchase price to be paid for land purchased by QWI (and, where relevant, for a water storage or access easement) will be negotiated based on valuation advice given to QWI. If they wish, landowners may also obtain an independent valuation. To ensure that landowners are not financially disadvantaged, QWI will also meet reasonable costs incurred by landowners in agreeing a sale, including:

- reasonable valuation, legal, accounting and financial planning fees for advice regarding the sale;
- an allowance for stamp duty incurred on the purchase of another property (calculated on the stamp duty payable in respect of the sold property);
- a lump sum payment for disturbance costs and general relocation expenses; and
- any additional disturbance items agreed between QWI and the landowner.

In the event that QWI and landholders cannot agree on a fair and reasonable purchase price, as a matter of last resort, QWI would request the Coordinator-General to initiate procedures for compulsory acquisition of the relevant land and any water storage and access easement (if required) under the provisions of the SDPWO Act. The process of compulsory acquisition entitles the affected landowner to an independent assessment of compensation by the Land Court.

The Queensland Government has confirmed that compulsory acquisitions of properties will not be commenced, if required, until after the necessary approval of the project has been obtained under the EPBC Act.

6.3 Land Requirements for Dam

QWI seeks to purchase land that will be within the reservoir area (which is the land inundated by water when the dam is at FSL) when the dam is complete. In addition, QWI will purchase a buffer area around the dam, which is based on the 1% annual exceedence probability flood level.

Land that is purchased for the buffer area will not be under water after the dam is complete, except when the river is in flood. After the dam is complete, the original landowner may be granted a contractual right to use the land in the buffer area for low impact uses, subject to certain land use controls.

The buffer area is required to protect water quality and ensure public safety and prevent property damage in the event of a flood.



QWI may also seek to purchase a water storage easement over flatter flood prone areas where flooding may occur beyond the buffer zone (flood margin area).

Individual characteristics of properties will affect the buffer and flood margin area.

Other properties may be required for road or infrastructure relocation or may be impacted in other ways such as loss of access and/or services resulting from inundation of roads or land providing access or services. For such land, a site specific proposal based on the proposed post-dam network will be developed. This may involve the provision of alternative access or services and/or the purchase of some or all of the land.

6.4 Leaseback to Landowners

As outlined in its land purchasing policy, QWI recognises that there is substantial benefit to the local community in allowing land required for the dam to remain in productive use by existing landowners for as long as possible. Consequently, land that is purchased now by QWI will be leased back to the original owners, if they wish, at favourable concessional rents until required for the dam. Depending on whether the land is needed for Stage 1 or Stage 2 (to proceed around 2035 if required), land could continue to be available for use by the existing landowners for approximately 28 years.

Where only part of a property is required for the dam, but QWI agrees to purchase the entire property, the land that is not needed for the dam will be leased back to the previous owner at concessional rates.

Land acquired by QWI and leased back to original landowners until required for the dam, will be subject to certain usage controls to protect the long term quality of the water.

Land that is leased back to landowners will be able to be used for grazing and other low impact uses. There will be restrictions on cropping or other intensive agriculture activities and landowners will not be able to build any permanent structures on the land other than fencing. The particular controls which will apply are specified in detail in the land purchasing policy.

Some controls will also apply to land over which QWI has acquired a water storage easement.

The appropriate controlled activities will be contractual obligations contained in the leases or water storage easements.

The controls are to ensure that improvements and/or significant infrastructure are not constructed or incompatible land uses developed up to the proposed flood margin area for the relevant stage.

The land use controls provide contractually for varying levels of control at the various stages of the project.

The cost of terminating Stage 2 land leases, to enable operation at Stage 2 FSL earlier than 2035, would be prohibitive as the Stage 2 leases extend until 2035 and none of the Stage 2 leases allow QWI an early right of termination. The Queensland Government and QWI have consistently confirmed that landowners leasing back Stage 2 lands from QWI may remain in possession of those lands until 2035.



7. Queensland Government Position

QWI is not aware of any determination by the Queensland Government that Stage 2 of the Traveston Crossing Dam project will in fact proceed.

To the contrary, QWI has been directed by the Queensland Government that Stage 2 will be subject to further and ongoing review during the period up to 2035, at which time the Government of the day would decide whether to proceed with Stage 2. This is consistent with QWI's responsibility for development of the dam project extending to Stage 1 only under the *Water Regulation 2002*.

QWI understands that the Queensland Government will confirm this position to you separately.

As QWI understands that no decision for the future requirement for Stage 2 has yet been made by the Queensland Government, QWI considers that there is no substantial new information or substantial change in circumstances that would require you to reconsider the original referral decision or require a combined referral and assessment of both Stages 1 and 2.

I trust that the above information clarifies these matters to your satisfaction. Please do not hesitate to contact me for any further information required.

Yours sincerely

Graeme Newton
Chief Executive Officer
Queensland Water Infrastructure Pty Limited

Enclosures: (1) IAS
(2) Land Purchasing Policy
(3) Media Release of Senator the Honourable Ian Campbell