

Ref:475A

21 March 2003

Mrs Heather Lucke  
Secretary  
East End Mine Action Group (Inc)  
East End  
Mt Larcom Queensland 4695

Dear Mrs Lucke

Thank you for your letter dated 18 February concerning the allocation of water for environmental purposes in the Mt Larcom area of Queensland. I understand your group's concerns to be about depletion in the local water table (which your group believes is attributable to the activities of QCL-Holcim's East End Mine at Mt Larcom), and your group's inability over a long period to resolve its concerns about access to water. In this regard, the East End Mine Action Group requested the National Competition Council to require water to be allocated for environmental purposes, water quality to be maintained, and a fair balance to be struck in regard to access to water by competing users.

The National Competition Council's involvement in water industry issues arises as a result of a decision by governments, through the Council of Australian Governments (CoAG), to set themselves a series of tasks over the period to 2005, and to ask the Council to report on their progress with these tasks. One of the things required by the CoAG program is that governments ensure appropriate allocations of water to the environment, based on the best available science, to achieve an appropriate balance between consumptive and ecosystem needs. Queensland uses water resource plans (implemented by resource operations plans) developed under the *Water Act 2000*, for managing the use of its water resources. The Water Act requires the responsible Minister to plan for the allocation and sustainable management of water to meet the State's future water requirements, including consideration of the protection of natural ecosystems and security of supply to water users.

State and Territory governments, including Queensland, identified priority water sources for resource management planning in 1999. Governments' 1999 programs covered river systems that had been overallocated, or were deemed to be stressed (although there were no Queensland systems identified as stressed or overallocated at the time). Queensland's 1999 program listed nine systems for

future action: Cooper Creek; Warrego, Paroo, Nebine and Bulloo Rivers; Moonie River; Calliope and Boyne Rivers (now being developed separately); Mitchell River; Herbert River; Flinders River; Georgina and Diamantina Rivers; and the Atherton Basalts groundwater system. Subsequently, Queensland added the Condamine-Balonne Basin (after the Lower Balonne river system was found to be overallocated) to its program. Water resource plans can cover both surface water and groundwater, although most are focusing on surface water. The National Competition Council understands Queensland's reason for this to be that the State's groundwater sources are generally not overallocated, apart from Atherton Basalts.

The information provided by the Department of Natural Resources (DNR) indicates that the water resource plan for the Calliope River (I understand the Mt Larcom water sources are within the Calliope catchment) is in the early stages of development. The DNR information states that the Calliope River plan will cover water in watercourses, lakes or springs and water collected in weirs and dams across watercourses, lakes or springs (that is, surface water). The Water Act requires public consultation in developing water resource plans. The DNR should be able to provide more information on the process for Calliope River (Ed Donohue on 07 4938 4584 is listed as the contact officer).

Under the National Competition Policy, Queensland needs to develop water management arrangements in the priority catchments by 2005. Given this timing, Queensland is not at this stage in contravention of National Competition Policy obligations on water management. In 2005, the National Competition Council will examine whether Queensland's water management activity has achieved agreed targets: that is whether the 1999 program is complete and makes satisfactory provision for the environment while recognising the rights of other existing users. To ensure States and Territories are continuing to address water management issues, the Council has asked governments for reports on their progress in 2004.

Your concerns about the depletion of groundwater supply and related adverse effects on at least some users suggests there may be a case for Queensland including groundwater management in the water resource plan for the Calliope River. Falling aquifer levels and adverse effects on users are often a signal that available water is overallocated. In such circumstances, it might be expected that the water source would be subject to a water resource plan to manage the source. The National Competition Council understands that the DNR is continuing to monitor the recharge to the underground aquifer, particularly after the recent heavy rains. I have written to the DNR to seek its advice on why the Calliope River water resource plan is to cover only surface water, and on the scope for inclusion of groundwater resources in the Calliope River process. I will keep you informed as relevant information is received from Queensland.

I approached Environment Australia for some backgrounding on your concerns, given the statement in your letter that you have been in contact with that agency. The regulatory instrument available to Environment Australia is the *Environmental Protection and Biodiversity Conservation (EPBC) Act 1999*, which enables the Commonwealth to regulate in regard to matters of significant environmental value (such as, for example, matters of national environmental significance, threatened species or world heritage matters). Environment

Australia indicated that your substantive concern does not relate to the EPBC Act, although I understand your issues are continuing to be monitored.

Yours sincerely

**Deborah Cope**  
**Acting Executive Director**

Ref:475A

21 March 2003

Mr Ed Donohue  
Department of Natural Resources  
PO Box 736  
Rockhampton Queensland 4700

Dear Mr Donohue

The National Competition Council has recently been approached by the East End Mine Action Group, with information to suggest that there is depletion of the aquifer in the Mt Larcom area and consequent adverse effects on the availability of water to some users. I understand that you are aware of the concerns of water users in the Mt Larcom area, and that these are long-standing.

The circumstances described by the East End Mine Action Group (depleted aquifer levels and reduced availability for water users) are an indication that the groundwater source may be overallocated, and therefore appropriate for inclusion in Queensland's water resource planning process. As you are aware, a water resource plan allows the Minister to plan for the allocation and sustainable management of water to meet future water requirements, including consideration of the protection of natural ecosystems and security of supply to water users.

I understand that the Department of Natural Resources has commenced the process of developing a draft water resource plan for the Calliope River, which is the catchment within which the Mt Larcom groundwater sources are located. The Amending Moratorium Notice on the department's website indicates that the Calliope River plan will cover surface water only. Therefore it will not be able to address the groundwater management issues raised by the East End Mine Action Group.

I understand that under Queensland's water resource planning process, it is open to Department of Natural Resources to cover surface water and groundwater in the same plan. At this stage I am seeking advice from the Department of Natural Resources as to the reasons that the Calliope River water resource plan is not being developed to also cover groundwater such that there would be a plan in place for the appropriate management of what may be an overallocated groundwater resource. I would also appreciate your advice as to the scope for inclusion of groundwater resources if your investigations indicate this is warranted.

The National Competition Council's interest in this matter arises because of the requirement in the Council of Australian Governments' water resource policy that governments establish a sustainable balance between the environment and other uses for both surface water and groundwater. To comply with National Competition Policy water reform obligations, governments must, by 2005, have substantially completed allocations to the environment for river systems and groundwater sources that are stressed or overallocated, as far as possible delivering water regimes that sustain ecological values while recognising the existing rights of other water users.

I look forward to receiving your advice as soon as possible. If you need further information on this request, you are welcome to contact Ross Campbell, Director Water Reform in the National Competition Council secretariat, on 03 9285 7485.

Yours sincerely

**Deborah Cope**  
**Acting Executive Director**

cc Dr Darryl Muller  
Department of Natural Resources  
GPO Box 2454  
Brisbane Queensland 4001

cc Mr John O'Connell  
Treasury  
GPO Box 611  
Brisbane Queensland 4001