

# Moving targets

## Barnaby Joyce, Warrego valley buybacks and amendments to the Murray Darling Basin Plan

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*The Minister for Water, Barnaby Joyce approved the \$17m purchase of water in the Warrego valley after criticising the Labor government for the same thing, but at less than half the price. This was a deal that required amendments to the Basin Plan to later adjust Basin Plan limits between valleys, outside the parliamentary process.*

**Maryanne Slattery**  
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# Summary

In 2008, then Senator Joyce criticised the Labor government's purchase of water in the Warrego valley: *that is going to have no effect whatsoever in solving the problems of the lower Murray-Darling, and especially the southern states.*

Despite the now Deputy Prime Minister and Water Minister's own fierce criticism of that purchase, he approved the \$16,977,600 purchase of another 10.611 gigalitres of water in the Warrego valley in March 2017 at more than twice the price paid by the Labor government. Questions should be raised about what changed the Deputy Prime Minister's mind and whether that purchase was value for money.

This purchase also has serious implications for the recent amendments to the Basin Plan that was disallowed by the Senate on 14 February 2018.

This purchase was not required to meet the water recovery target in the Warrego under the Murray-Darling Basin Plan. Instead, it was intended to count towards the water recovery target in the Border Rivers. This swap required an amendment to s6.05 of the Basin Plan, which was tabled in parliament and disallowed by the Senate. Yet, the Warrego purchase was not reflected in the Sustainable Diversion Limits (SDLs) put to Parliament as part of the amendments.

Murray-Darling Basin Authority (MDBA) is required to base its recommendations to change SDLs based on best available science, but the proposed amendments allowed MDBA and States to subsequently change the SDLs in a valley without any consideration of the science.

While MDBA was seeking public submissions on changes to valley SDLs, based on science; the Department of Agriculture and Water Resources (DAWR) was in negotiations to change those valley targets, not based on science.

Parliament was asked to pass an amendment to the Basin Plan with SDLs that would have been changed based on a deal agreed over a year earlier, if the amendment had passed. Given that the new SDLs were known and agreed by governments, it is not apparent why the MDBA did not include the new SDLs in the amendment put to parliament.

These are just some of the reasons why The Australia Institute supports the Senate's disallowance of the Basin Plan amendments and recommends an audit of the Commonwealth's purchase of water in the Warrego valley in 2017.

# Introduction

The Warrego river in south west Queensland needs to flood before it will flow into the Darling river in western New South Wales.

*The Warrego river generally ends in large swamps and storages near Louth. Toorale Station was purchased by the NSW Government in 2009 to increase the volume of water from the Warrego that enters the Darling River during floods.<sup>1</sup>*

Former Queensland Senator, later Minister for Agriculture and Water Resources, and Deputy Prime Minister Barnaby Joyce, clearly understood that. In 2008 the Labor government purchased Toorale Station and its water licences in the Warrego valley, in southern Queensland. Senator Joyce criticised that purchase in the strongest possible terms:

*We have had some \$23.75 million of this nation's resources put towards the purchase of Toorale Station so that about 14 gigalitres of water can be removed from the station at this time.<sup>2</sup> It will probably merrily go down the (Warrego) river for about 100 kilometres or 200 kilometres—we do not know; we do not even know if it goes into a charged system—and will quickly dissipate. There is an acknowledgment with this purchase that it is probably not going to do very much if in fact anything at all to relieve the pressure on the Lower Lakes and the pressure on Adelaide's water requirements.*

*.....somebody somewhere in Australia has to go to work to pay for that \$23.75 million? As we all know, all Australians work for the government on Monday and Tuesday. They will be extremely happy to know that they are going to work to purchase an asset that is going to have no effect whatsoever in solving the problems of the lower Murray-Darling, and especially the southern lakes.*

*Why couldn't we have had a reasonable expenditure on a project that has a long-term future to deliver something to the people of Adelaide rather than this rhetorical purchase, this squandering of the nation's wealth? It is a sad day indeed when this sort of process is peddled out there. ....*

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<sup>1</sup> <https://www.mdba.gov.au/discover-basin/catchments/warrego>

<sup>2</sup> The \$23.75 purchase price was consideration of \$8.26m (land paid for by the Commonwealth), (\$4.13m paid for by NSW) and \$11.36m (water licences: 8,122 ML in the Warrego and 7,672 ML in the Barwon-Darling).

*That is the arbitrary nature of government that is emanating from a certain room on the lower floor of this parliament and it has now become profound in the way this nation is governed.*<sup>3</sup>

Senator Joyce was right in 2008. Only about 7% of water in the Warrego Valley reaches the Darling river,<sup>4</sup> and that is over a long term average and not every year. A flood is needed for the Warrego to flow into the Darling, making the Toorale Station purchase largely irrelevant to downstream flows. This is not to say that the purchase serves no purpose. Water in the Warrego will play a significant role in the economic and ecological health of that valley. But it is quite correct to note that this makes very little difference to the Barwon-Darling, Menindee Lakes, the Lower Darling, or South Australia.

Almost 10 years after Senator Joyce criticised the 2008 Toorale purchase in the Warrego, Water Minister Joyce approved a very similar purchase himself and at even higher prices. In 2017 he agreed to the purchase of another 10.611 gigalitres of water in the Warrego valley for \$16,977,600 – more than twice the price per megalitre paid by the Labor government.<sup>5</sup>

In addition to the legitimate concerns around the effectiveness of the Warrego water, this purchase was then to be ‘transferred’ and counted as the Basin Plan contribution for the Queensland Border Rivers, a completely separate valley, not connected to the Warrego. This outraged some in the Warrego Valley community, who saw the moves as

*the federal government was taking water from an under-allocated river to fix over-allocation problems in another river.*<sup>6</sup>

Allowing such a transfer, after the Basin Plan limits of each valley had been set, would require amendments to the Murray-Darling Basin Plan. Such an amendment would enable the Murray-Darling Basin Authority (MDBA) and the States to renegotiate the Basin Plan’s legal extraction limits in each valley.

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<sup>3</sup> Senator Joyce, 17 September 2008, *Hansard*  
[http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query%3DId%3A%22chamber/hansard\\_r/2008-09-17/0000%22](http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query%3DId%3A%22chamber/hansard_r/2008-09-17/0000%22)

<sup>4</sup> MDBA, January 2017, *Hydrologic Modelling for the Northern Basin Review*

<sup>5</sup> Department of Agriculture and Water Resources, 23/03/17, *Unsolicited proposal to sell water in the Warrego Catchment, QLD*  
[http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id%3A%22publications%2Ftable\\_dpapers%2F59682649-2fa2-43b1-955f-ae16caecef45%22](http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id%3A%22publications%2Ftable_dpapers%2F59682649-2fa2-43b1-955f-ae16caecef45%22)

<sup>6</sup> Cripps (2017) *Paroo mayor outraged by voluntary sale of Warrego water allocation*,  
<http://www.queenslandcountrylife.com.au/story/4785344/warrego-buyback-disastrous-mayor/>

To make such an amendment, the MDBA would need to put the proposal out for public submission. At the time of the Warrego purchase negotiations, the MDBA was already seeking public submissions on amendments to the Basin Plan, based on its recommendations from the Northern Basin Review.

That is, while MDBA was seeking public submissions on changes to valley SDLs, based on science; the DAWR was in negotiations to change those valley targets, not based on science.

While the Northern Basin Review amendments put to the Senate would ultimately include a section enabling such transfers, the amendments made available for public submission did not include the amendment that was necessary to reallocate the Warrego purchase towards the Border Rivers target.

The amendments to the Basin Plan were disallowed by the Senate. This report explains why the Senate was correct to disallow the proposed amendments.

# Valley Targets

It is well understood and agreed that water in the Murray-Darling Basin has been over-allocated and extracted at rates that are unsustainable. A key part of the Murray-Darling Basin Plan is that the Murray-Darling Basin Authority (MDBA) determines Sustainable Diversion Limits (SDL), to reset how much water can be legally extracted from each valley. The SDLs set the high-level sharing of water between irrigation and maintaining river health. The SDLs are unavoidably contentious because they require water being removed from productive use and to return extractions to sustainable levels.

The water recovery target is how much water should be acquired by governments in a valley to restore that valley to its SDL. Each valley has an in-stream and shared water recovery target and both form part of the valley SDL calculation. The in-stream targets were assessed on achieving environmental targets within that valley. The shared water recovery target is each valley's contribution to downstream environmental targets.

The full water recovery target for the Warrego Valley was met prior to the commencement of the Northern Basin Review in 2012, because the MDBA assessed that Warrego valley had already achieved a sustainable level of extraction.<sup>7</sup> No further water was required to be purchased for that valley to achieve its SDL. The MDBA did not recommend any changes to the SDL for the Warrego in its Northern Basin Review.<sup>8</sup>

Despite that, the Deputy Prime Minister agreed to purchase an additional 10.611 gigalitres of water in the Warrego for \$16,977,600 in a deal was agreed in March 2017 and finalised in June 2017.<sup>9</sup>

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<sup>7</sup> MDBA, 2011, *The proposed 'environmentally sustainable level of take' for surface water in the Murray-Darling Basin*

<sup>8</sup> MDBA, 2016, *Northern Basin Review report*

<sup>9</sup> Department of Agriculture and Water Resources, 23/03/17, *Unsolicited proposal to sell water in the Warrego Catchment, QLD*  
<http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id%3A%22publications%2Ftabledpapers%2F59682649-2fa2-43b1-955f-ae16caecef45%22>

## WATER IN THE WARREGO

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Then Senator Joyce was justified in some of his criticism of the early water purchase in the Warrego valley.

The Warrego River only flows into the Barwon-Darling just below Bourke at very high flows. The MDBA estimates that about 7% of long term average flows in the Warrego would reach the Darling. The Warrego needs a flood to flow into the Darling, and most years it won't have any flows into the Darling.<sup>10</sup>

The federal Labor Government purchased Toorale Station in 2008, which included 8 gigalitres of Warrego water licences. This purchase met the total water recovery target in the Warrego valley.

There was fierce criticism of the Toorale purchase because the flows out of the Warrego would rarely make it into the Barwon-Darling and therefore wouldn't contribute to flows into Menindee Lakes, the Lower Darling or into South Australia.

So, the Deputy Prime Minister agreed to buy extra water in the Warrego and not much of that will get out of the Warrego for communities or downstream river health. Will that just mean there will be better environmental outcomes in the Warrego valley?

Only if the water was previously in production, is taken out of production and is now new water for the environment. Comments from the vendor indicate that he does not believe that is the case:

*"....there is still plenty of un-utilised water on the river that can be used for future development if needed."<sup>11</sup>*

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<sup>10</sup> MDBA, January 2017, *Hydrological Modelling for the Northern Basin Review*

<sup>11</sup> Sally Cripps, Queensland Country Life, 24 July 2017, *Paroo Mayor outraged by voluntary sale of water allocation*



## WAS THE PURCHASE VALUE FOR MONEY?

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The Commonwealth paid \$16,977,600 for the 10.611 gigalitres purchased in 2017,<sup>12</sup> or \$1,600 per megalitre.

The Toorale Warrego licences were purchased for up to \$719 per megalitre.<sup>13</sup> The ANAO undertook an audit of the Toorale purchase and concluded that the price paid by the Commonwealth for the Toorale water licences was reasonable.<sup>14</sup> At that time, a price of \$783 per megalitre was considered to be “excessive” by the Commonwealth Department valuing the purchase.<sup>15</sup>

We do not know how the 2017 purchase price was determined, because documents obtained through the Senate redact information relating to the valuation methodology, market overview and sales evidence, on the grounds that was ‘*an unreasonable disclosure of personal or commercial information*’.<sup>16</sup> We do know there is no market information to compare the price agreed by Minister Joyce as Water Minister, because of the lack of a trading market, or historical water sales.<sup>17</sup> But, water prices have remained reasonably constant across the Northern Basin since 2008.<sup>18</sup> The doubling of the price is not consistent with water market price changes generally.

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<sup>12</sup> DAWR, 10/03/17, *Unsolicited proposals to sell water in QLD Warrego*  
<http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id%3A%22publications%2Ftabledpapers%2F59682649-2fa2-43b1-955f-ae16caecef45%22>

<sup>13</sup> ANAO, 2011, *Auditor-General: Audit Report No 27 2010-11 Performance Audit*

<sup>14</sup> ANAO, 2011

<sup>15</sup> ANAO, 2011

<sup>16</sup> Senate Motion No. 597, 16 November 2017, *Murray-Darling Basin Plan – Water Purchases*,  
<http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id%3A%22publications%2Ftabledpapers%2F59682649-2fa2-43b1-955f-ae16caecef45%22>

<sup>17</sup> Geoff Dunsdon, 4 January 2017, *Letter to Mary Colreavy: Potential Federal Government Buy Back at Warrego River Water Entitlements*  
<http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id%3A%22publications%2Ftabledpapers%2F59682649-2fa2-43b1-955f-ae16caecef45%22>

<sup>18</sup> Marsden-Jacobs Associates, 2017, *Murray-Darling Basin water markets: 2017-18 outlook and 2016-17 review*

# AMENDMENT TO ADJUST SUSTAINABLE DIVERSION LIMITS BETWEEN VALLEYS INCONSISTENT WITH WATER ACT AND BASIN PLAN

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The Murray Darling Basin Authority (MDBA) proposed a major amendment to the Murray Darling Basin Plan based on its Northern Basin Review,<sup>19</sup> conducted over four years. The amendment would have increased the SDLs and reduced the water recovery targets for the Northern Basin from 390 GL to 320 GL per year, a reduction of 70 GL. This amendment was disallowed in the Senate on by 14 February 2018.

The Water Act states that in setting the SDLs, MDBA:

- must: act on the basis of best available scientific knowledge and socio-economic analysis;<sup>20</sup>
- take into account the principles of ecologically sustainable development;<sup>21</sup> and
- give effect to relevant international agreements.<sup>22</sup>

While reporting of the disallowance focused on the increase to the SDL in the Northern Basin, an important part of the proposed amendment was a provision for States to request a reallocation of the SDLs between valleys (s6.05). This reallocation would be negotiated after the MDBA has set the SDLs based on best available science (shown at Attachment. The relevant change is highlighted in grey).<sup>23</sup>

This s6.05 amendment allowed States and the MDBA to vary SDLs by valley, entirely separate from MDBA's conclusions and recommendations through the Northern Basin Review. Such a change would be outside any parliamentary process, and without a requirement to use best available scientific knowledge and socio-economic analysis, principles of ecologically sustainable development, or relevant international agreements.

That is, any scientific process used to determine the SDLs can be subsequently replaced with a non-scientific process based on other priorities of the MDBA and the States.

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<sup>19</sup> Basin Plan Amendment Instrument 2017 (No. 1), [F2017L01462]

<sup>20</sup> S21(4)(b)

<sup>21</sup> S21(4)(a)

<sup>22</sup> S21(1)

<sup>23</sup> S6.05

## NEGOTIATING A WATER PURCHASE IN THE WARREGO TO COUNT TOWARDS THE SHARED TARGET

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Documents obtained through the Senate reveal that the 2017 Warrego purchase was made so that part of the shared recovery target in the Border Rivers could be transferred to the Warrego,<sup>24</sup> and the SDLs would subsequently change in both valleys.

Importantly, the MDBA presented proposed amendments to parliament in November 2017 with SDLs for the Warrego and the Border Rivers before the reallocation of SDLs; with the full knowledge that Deputy Prime Minister Joyce had already approved the purchase of water in the Warrego to subsequently change the SDLs for both the Warrego and Border River valleys.

The Commonwealth Department of Agriculture and Water Resources (DAWR) sought the support for the purchase from the Queensland Department of Natural Resources and Mines (DNRM) on 10 February 2017, and asked:

*I am also keen to receive confirmation whether Queensland would reapportion any such water recovered in the Warrego towards the shared reduction target for the state. I note that the MDBAs 320GL Northern Basin scenario suggests that the remainder of the shared target is acquired in the Border Rivers but that this target could be reapportioned via a formal Basin Plan process.*

*Thank you for keeping this information in-confidence.<sup>25</sup>*

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<sup>24</sup> Senate Motion No. 597, 16 November 2017, *Murray-Darling Basin Plan – Water Purchases*, <http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id%3A%22publications%2Ftabledpapers%2F59682649-2fa2-43b1-955f-ae16caecef45%22>

<sup>25</sup> DAWR, 10/02/17, *Email Request for QLD advice on Warrego*, <http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id%3A%22publications%2Ftabledpapers%2F59682649-2fa2-43b1-955f-ae16caecef45%22>

DNRM responded:

*Before we can fully respond to your request about support for such a water recovery proposal we would like to understand the position of the MDBA in regard to the potential for recovery in the Warrego to offset all or part of the Northern Shared Zone recovery target.<sup>26</sup>*

The Queensland department's hesitation and request for more information is likely because s6.05 of the Basin Plan would need to be amended to facilitate counting the Warrego purchase towards the water recovery target in the Border Rivers.

The MDBA sought public submissions on the proposed amendments, but the proposed amendment to s6.05 to reallocate the SDLs was not included in the version that MDBA made available for public submission.<sup>27</sup>

The public submission period on the amendments was between 23 November 2016 and 24 February 2017. DAWR commenced negotiating the Warrego purchase with the water holder on 23 December 2016.<sup>28</sup> That is, during the Northern Basin Review's public submission period.

To be clear, while MDBA was seeking public submissions on changes to valley SDLs, based on science; at the same time the DAWR was in negotiations to change those valley targets, not based on science.

This swap required an amendment to s6.05 of the Basin Plan, which was tabled in parliament and disallowed by the Senate. Yet, the Warrego purchase was not reflected in the SDLs put to Parliament as part of the amendments.

The Australia Institute has written to the MDBA to ask why the s6.05 amendment was not included in the original amendment, with no reply received at time of writing.

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<sup>26</sup> DNRM, 14/02/17, *Email Re: Request for QLD advice on Warrego*

<http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id%3A%22publications%2Ftabledpapers%2F59682649-2fa2-43b1-955f-ae16caecef45%22>

<sup>27</sup> <https://www.mdba.gov.au/publications/mdba-reports/BPamendments-legislative-instrument>

<sup>28</sup> Geoff Dunsdon, 4 January 2017, *Letter to Mary Colreavy: Potential Federal Government Buy Back at Warrego River Water Entitlements*

<http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id%3A%22publications%2Ftabledpapers%2F59682649-2fa2-43b1-955f-ae16caecef45%22>

## DOES IT MATTER IF SDLS ARE TRANSFERRED BETWEEN VALLEYS?

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There are important implications of transferring SDLS between valleys. Firstly, it undermines the scientific justification for the SDLS. The SDLS cannot be based on best-available science if they are subsequently changed by other parties for non-scientific reasons.

Secondly, moving SDLS between valleys will have implications on downstream flows, environmental targets and socio-economic impacts in a valley. These impacts are not considered in the MDBA's other analysis and recommended SDLS. Swapping of the shared downstream contribution between valleys, will not result in the same flows downstream – particularly if the swap involves water from a valley with a higher downstream connectivity to a valley with very low downstream connectivity. The Border-Rivers contributes between 25% - 40% to the Barwon-Darling, while the Warrego only contributes 7%.<sup>29</sup> MDBA modelled the impact of this swap, which estimated that the swap would decrease flows into the Barwon-Darling by 7 gigalitres (based on an annual long-term average).<sup>30</sup>

The impact of transfers between valleys might be minimal or even improve environmental and socio economic outcomes, but the point is that this is not known under this proposal. Without that analysis, parliamentarians and other policy makers are not fully informed about the decisions they are making.

## CONCLUSION

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Deputy Prime Minister Joyce approved the \$16,977,600 purchase of 10.611 gigalitres of water in the Warrego valley in a deal that was finalised in June 2017. This is despite the Deputy Prime Minister's own fierce criticism of a similar purchase by the Commonwealth under federal Labour government that cost less than half the price per megalitre.

This purchase was not required to meet the water recovery target in the Warrego under the Murray-Darling Basin Plan. Instead, it was intended to count towards the water recovery target in the Border Rivers.

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<sup>29</sup> MDBA, January 2017, *Hydrological Modelling for the Northern Basin Review*

<sup>30</sup> MDBA, 14/03/17, *NBR Modelling – Modified 320GL Recovery Pattern*

<http://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=id%3A%22publications%2Ftabledpapers%2F59682649-2fa2-43b1-955f-ae16caecf45%22>

This swap required an amendment to s6.05 of the Basin Plan, which was tabled in parliament and disallowed by the Senate. Yet, the Warrego purchase was not reflected in the SDLs put to Parliament as part of the amendments.

Proposed amendments to the Basin Plan were made available for public submission, but they did not include the proposed change to s6.05. Even though the Warrego purchase that required the s6.05 change was being negotiated during that same period. That is, Minister Joyce, was already taking action to reallocate SDLs between the Warrego and Queensland Border rivers. With no science and behind closed doors.

MDBA is required to base its recommendations to change SDLs based on best available science, but the proposed amendments allowed MDBA and States to subsequently change the Sustainable Diversion Limits in a valley without any consideration of the science.

This are just some of the reasons why The Australia Institute supports the Senate's decision to disallow the Basin Plan amendment.

**Recommendation: The Australia Institute recommends that The Australian National Audit Office reviews the Commonwealth's purchase of water in the Warrego valley in 2017.**

## PROPOSED AMENDMENT - S6.05

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### [16] Section 6.05

Substitute:

6.05 SDL resource unit shared reduction amount

(1) For column 2 of the table in Schedule 2, the ***SDL resource unit shared reduction amount*** for an SDL resource unit in one of the zones mentioned in subsection (2) is the amount, in GL per year, determined in accordance with this section.

Note: Subsection (4) provides a default distribution of shared reduction amounts within zones. Subsections (5)-(14) deal with requests for different distributions made by the Basin States.

(2) For this section, there are 6 zones:

(a) the ***northern Basin Queensland zone***, made up of the following SDL resource units:

- (i) Condamine-Balonne (SS26);
- (ii) Moonie (SS25);
- (iii) Nebine (SS27);
- (iv) Paroo (SS29);
- (v) Queensland Border Rivers (SS24);
- (vi) Warrego (SS28); and

(b) the ***northern Basin New South Wales zone***, made up of the following SDL resource units:

- (i) Barwon-Darling Watercourse (SS19);
- (ii) Gwydir (SS22);
- (iii) Intersecting Streams (SS17);
- (iv) Macquarie-Castlereagh (SS20);
- (v) Namoi (SS21);
- (vi) NSW Border Rivers (SS23); and

(c) the **southern Basin Victoria zone**, made up of the following SDL resource units:

- (i) Broken (SS5);
- (ii) Campaspe (SS7);
- (iii) Goulburn (SS6);
- (iv) Kiewa (SS3);
- (v) Loddon (SS8);
- (vi) Ovens (SS4);
- (vii) Victorian Murray (SS2); and

(d) the **southern Basin New South Wales zone**, made up of the following SDL resource units:

- (i) Lower Darling (SS18);
- (ii) Murrumbidgee (SS15);
- (iii) New South Wales Murray (SS14); and

(e) the **southern Basin South Australia zone**, made up of the following SDL resource units:

- (i) Eastern Mount Lofty Ranges (SS13);
- (ii) South Australian Murray (SS11); and

(f) the **southern Basin Australian Capital Territory zone**, made up of the Australian Capital Territory (surface water) SDL resource unit (SS1).

(3) For this section, the reduction targets for the zones are as follows:

- (a) northern Basin Queensland zone—17 GL per year;
- (b) northern Basin New South Wales zone—24 GL per year;
- (c) southern Basin Victoria zone—425.3 GL per year;
- (d) southern Basin New South Wales zone—458 GL per year;
- (e) southern Basin South Australia zone—82.8 GL per year;



(f) southern Basin Australian Capital Territory zone—4.9 GL per year.

*Default distribution of shared reduction amounts*

(4) Subject to subsections (5) to (14), the SDL resource unit shared reduction amount for SDL resource units in a zone is calculated, as at 31 December 2016, by allocating the reduction target for the zone among the SDL resource units in proportion to the amount, for each SDL resource unit, of its BDL, including any component of water diverted for urban water use, but excluding any component due to interception activities.

*Redistribution of shared reduction amounts at request of Basin State*

(5) A Basin State may make a re-allocation adjustment request.

(6) For this section:

**re-allocation adjustment request** means a request by a Basin State to the Authority to adjust the SDL resource unit shared reduction amounts for SDL resource units that are within a zone mentioned in subsection (2), being a request that:

(a) is made for the purposes of this section:

(i) before 1 July 2018; and

(ii) before any water resource plan is submitted by the State for a water resource plan area in the zone (excluding any water resource plan submitted before the amendment of this section by the *Basin Plan Amendment Instrument 2017 (No. 1)*); and

(b) has the effect that:

(i) the total of the SDLs for each zone remains the same; and

(ii) no SDL resource unit has an SDL that is larger than would result from replacing its shared reduction amount with zero; and

(c) takes into account the amount of water already recovered by the Commonwealth at the time of the request (and does not, for example, request an SDL resource unit shared reduction amount for a unit that is lower than the amount of water already recovered by the Commonwealth at the time of the request).

Note: An earlier request referred to in section 7.14A is not a re-allocation adjustment request for the purposes of this section. A Basin State may, if it has made such an earlier request, confirm it (provided it satisfies paragraphs (b) and (c)) or vary it by making a re-allocation adjustment

request for the purposes of this section. Otherwise, the default shared reduction amounts under subsection (4) will apply.

(7) A re-allocation adjustment request may not be varied or replaced once made.

(8) If the Authority receives a re-allocation adjustment request, the Authority must, as soon as practicable, publish the requested SDL resource unit shared reduction amounts for SDL resource units in the relevant zone on its website.

*Variations due to changes in water recovery*

(9) A Basin State may:

(a) after making a re-allocation adjustment request and by 31 December 2018;  
or

(b) if no re-allocation adjustment request has been made—between 1 July 2018 and 31 December 2018;

make a request to the Authority for variations to the SDL resource unit shared reduction amounts for SDL resource units in a zone.

(10) A request under subsection (9):

(a) must comply with paragraph (6)(b); and

(b) must take into account the amount of water already recovered by the Commonwealth at the time of the request (and must not, for example, request an SDL resource unit shared reduction amount for a unit that is lower than the amount of water already recovered by the Commonwealth at the time of the request); and

(c) must not change the SDL resource unit shared reduction amounts for SDL resource units in a water resource plan area for which a water resource plan has already been submitted.

(11) The Authority must consult with the Department upon receiving a request under subsection (9) that complies with subsection (10).

(12) The Authority may agree to the requested variations if both the Authority and the Department consider that it is appropriate for the Authority to do so in order to accommodate changes in the expected amount of water recovery in relevant SDL resource units.

(13) If the Authority agrees to the requested variations, the Authority must update any relevant amounts that had been published under subsection (8) to reflect the variations.

*Effect of publishing shared reduction amounts*

(14) If the Authority publishes an SDL resource unit shared reduction amount for an SDL resource unit on its website under this section, that amount is the SDL resource unit shared reduction amount for the relevant unit.