

Surface water purchasing – limited tender

The Australian Government will not be undertaking any further water purchases. The Government will continue to prioritise investment in water-saving infrastructure to achieve the water recovery required under the Basin Plan.

[Read more here.](#)

The Australian Government prioritises investment in water-saving infrastructure to achieve the water recovery required under the Murray–Darling Basin Plan. However, there have been times when strategic water purchases, using limited tender, were required.

All purchases must meet the [Commonwealth Procurement Rules \(CPRs\)](#). Water entitlements acquired through limited tender must meet certain provisions and be value for money.

Current purchases

There are no purchases currently underway.

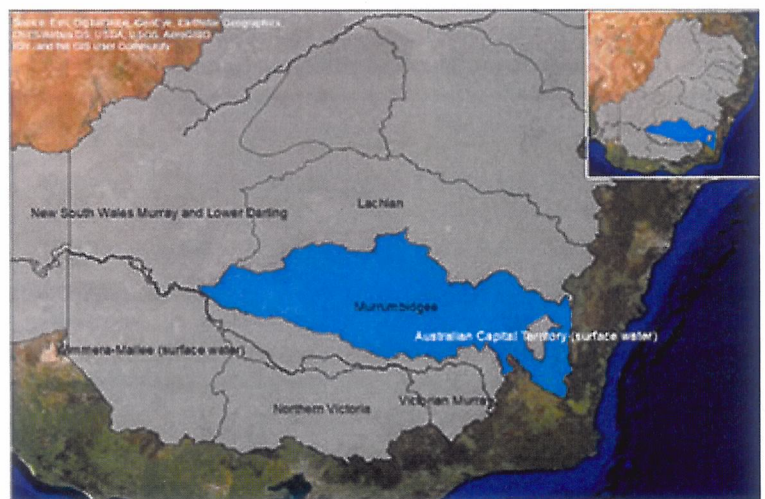
Previous purchases

Since 2015, the department has made 8 strategic surface water purchases through limited tender which are detailed below.

[\[expand all\]](#)

NSW Murrumbidgee (Lowbidgee), January 2020

- Date: January 2020
- Status: Complete
- State: NSW
- Water entitlement class: Murrumbidgee Supplementary
- Closest town: Balranald (on the Murrumbidgee River)
- Nominal volume of offer accepted: 13,506 ML
- Long-term average annual yield (LTAAY) volume of offer accepted: 3,768 ML
- Price per ML: \$560 per ML
- Total contract price: \$7,563,360
- Austender ID: CN3665625



In January 2020, the department purchased 13,506 ML of Murrumbidgee (Lowbidgee) water entitlements via limited tender. In terms of long-term average annual yield, the purchase contributes 3,768 ML to environmental water holdings in the Murrumbidgee catchment. The Commonwealth Environmental Water Holder (CEWH)

advised this purchase presented a unique opportunity to significantly enhance ecological outcomes directly related to environmental watering. The total value of the purchase was \$7,563,360.

This purchase provided good value for money at the nominated price. The accepted price of \$560 per ML was within independent market valuation range. This proposal recovered water in a region where further water recovery was required to bridge the gap to the Basin Plan's sustainable diversion limit.

This procurement was consistent with Appendix A of the Commonwealth Procurement Rules. The purchase achieved a value for money outcome and satisfied other relevant requirements.

The purchase will provide positive environmental and socio-economic outcomes by contributing a large volume of water to bridge the gap in the NSW Murrumbidgee, and supporting a large ecological sustainable development project The Nature Conservancy is delivering in the region. There is limited demand for supplementary water entitlements in the Lowbidgee. Purchasing the water will have no impact on local irrigation production and the wider water market. Supplementary water is generally only available when the need to irrigate is low and can only be traded and used within the local Lowbidgee Flood Control and Irrigation District.

Benefits

- Contributes a large volume of water to bridge the gap in the NSW Murrumbidgee.
- Supporting a large ecological sustainable development project The Nature Conservancy is delivering in the region.

NSW Lower Darling, December 2019

- Date: December 2019
- Status: Complete
- State: NSW
- Water entitlement class: Lower Darling High Security
- Closest town: Pooncarie
- Nominal volume of offer accepted: 1,159 ML
- LTAAY volume of offer accepted: 851 ML
- Price per ML: \$8,500 per ML
- Total contract price: \$36.1 million
- Austender IDs: CN3656374



In December 2019, the Department entered into an agreement to acquire 1,159 ML of Lower Darling high security water entitlements. The purchase contributes 851 ML to environmental water holdings in the Lower Darling catchment (long-term average annual yield). The total value of the purchase was \$36.1 million. This comprised \$9.85 million for the high security water entitlements, with the remaining funds for:

- a business restructuring package, including loss of business value and income

- removal of permanent horticultural plantings
- restrictions placed on the future use of the properties.

This purchase provided good value for money. All elements of the transaction including the negotiated price of \$8,500/ML for the water entitlements, were consistent with independent valuations. The transaction was overseen by an external probity advisor.

This procurement was consistent with Appendix A of the Commonwealth Procurement Rules. The purchase achieved a value for money outcome and satisfied other relevant requirements. The purchase was also consistent with standing advice from the Commonwealth Environmental Water Holder.

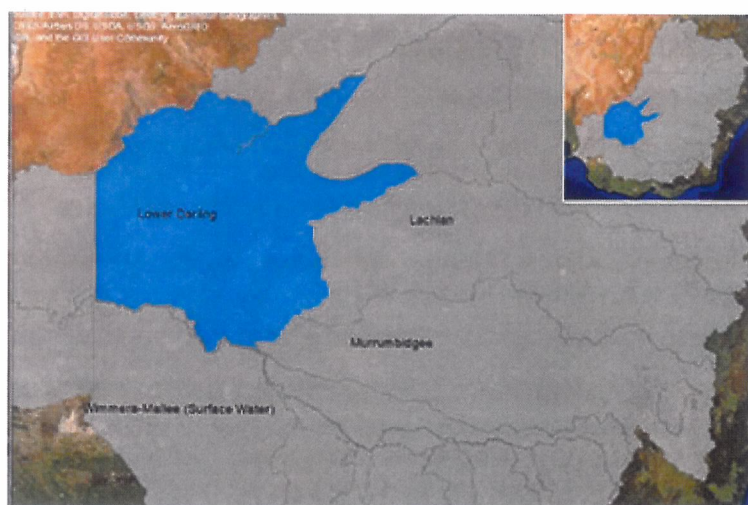
Benefits

- Enabling the New South Wales Government to enhance the potential outcomes from the Menindee Lakes Water Savings sustainable diversion limit (SDL) adjustment project, including improving the storage efficiency of the Lakes and maximising the project's contribution to the [SDL adjustment](#) under the Murray-Darling Basin Plan.
- Providing river operators with increased flexibility to manage the Menindee Lakes and to achieve better environmental outcomes, including focusing operations on retaining ecological function during drier periods when the lower Darling River is under stress, as recommended in the [Independent assessment of the 2018-19 Fish Deaths in the lower Darling](#) (chaired by Professor Rob Vertessy).
- Delivering long-term benefits to irrigators and communities across the southern Basin by enabling better, more efficient operation of the Menindee Lakes and thereby significantly reducing the need to recover water from elsewhere in the Basin.
- Contributing high security water entitlements to the Commonwealth Environmental Water Holdings to support the achievement of environmental watering objectives in the Murray-Darling Basin. High security water entitlements have a high reliability of being available for use to irrigators, which makes it a highly valued resource. This demand can mean prices vary significantly over time.

NSW Lower Darling, June 2017



- Date: June 2017
- Status: Complete
- State: New South Wales
- Water entitlement class: Lower Darling High Security and General Security
- Closest town: Menindee, NSW
- Nominal volume of offer accepted: 21,901 ML
- LTAAAY volume of offer accepted: 19,889 ML
- Price per ML: \$3,253 per ML (high security), \$1,536 per ML (general security)
- Total contract price: \$81,999,888.40 (including GST)
- Austender IDs: CN3445742



In June 2017, the Commonwealth purchased 2,540 ML of Lower Darling high security water entitlements and 19,361 ML of general security water entitlements. The purchase contributed 1,864 ML of high security entitlements, and 18,025 ML of general security entitlements to environmental water holdings in the Basin (long-term annual average yield).

The total value of the purchase was \$82 million. This included \$38 million for the purchase of the water entitlements and \$44 million for:

- recognition of the loss of business value and productive capacity of the property associated with the water entitlements
- transforming the property to dryland farming
- cancellation of works approvals and decommissioning irrigation infrastructure.

The purchase achieved good value for money. All elements of the transaction including the negotiated price of \$3,253/ML for the high security water entitlements and \$1,536/ML for the general security entitlements, were consistent with independent valuations, and the Department's own due diligence.

This procurement was consistent with Appendix A of the Commonwealth Procurement Rules. The purchase achieved a value for money outcome and satisfied other relevant requirements. The purchase was also consistent with standing advice from the Commonwealth Environmental Water Holder.

Benefits

- Enabling the New South Wales Government to enhance the potential outcomes from the Menindee Lakes Water Savings sustainable diversion limit (SDL) adjustment project, including improving the storage efficiency of the Lakes and maximising the project's contribution to the [SDL adjustment](#) under the Murray-Darling Basin Plan.
- Making a significant contribution to bridging the gap to the SDLs under the Murray-Darling Basin Plan in the Lower Darling SDL water resource unit and to meeting the shared downstream reduction component.
- Delivering long-term benefits to irrigators and communities across the southern Basin by enabling better, more efficient operation of the Menindee Lakes and thereby significantly reducing the need to recover water from elsewhere in the Basin.
- Enabling the Commonwealth to avoid the estimated \$72 million cost of upgrading the Penellco Channel which would otherwise have been required in order for Tandou Limited to access its water entitlements at Tandou station following the implementation of the Menindee Lakes project.
- Contributing high and general security water entitlements to the Commonwealth Environmental Water Holdings to support the achievement of environmental watering objectives in the Murray-Darling Basin.

Read more

- [Background on this purchase](#)
- [Senate Order for the Production of Documents 420](#).

QLD Condamine Balonne, August 2017



- Date: August 2017
- Status: Complete

- State: Queensland
- Water entitlement class: Condamine-Balonne overland flow
- Closest town: Dirranbandi
- Nominal volume of offer accepted: 28,740 ML
- LTAAY volume of offer accepted: 26,442 ML
- Price per ML: \$2,745 per ML
- Total contract price: \$78,891,300
- Austender IDs: CN3449397, CN3449395



In August 2017, the department purchased 28,740 ML of Condamine-Balonne overland flow water entitlements via

limited tender. In terms of long-term average annual yield, the purchase contributed 26,442 ML to environmental water holdings in the Basin. The total value of this purchase was \$78,891,300.

This purchase represented a unique opportunity to secure a significant volume of water in a catchment of particular strategic importance to achieving the social, economic and environmental outcomes of the Murray-Darling Basin Plan. Due to the large volume of water available and the significant environmental benefits, this purchase represented good value for money. The offer provided water in a region which required further recovery and contributed 26,442 ML LTAAY towards the gap in the Condamine Balonne catchment, which was confirmed by the Murray-Darling Basin Authority.

Advice from the Commonwealth Environmental Water Holder and modelling undertaken by the Queensland Government supported the acquisition, which has clear and significant environmental benefits for the Lower Balonne, including the Culgoa Floodplain and the Narran Lakes - a Ramsar-listed wetland of international importance.

This procurement was consistent with Division 2 s10.3(c) of the Commonwealth Procurement Rules due to the high value of the water entitlements to the water recovery program, in addition to the time limited nature of the offer. The socio-economic impact of this purchase was small when compared to acquiring an equivalent volume of water from other entitlement classes. The mixed-farming enterprise did not require these entitlements to remain viable.

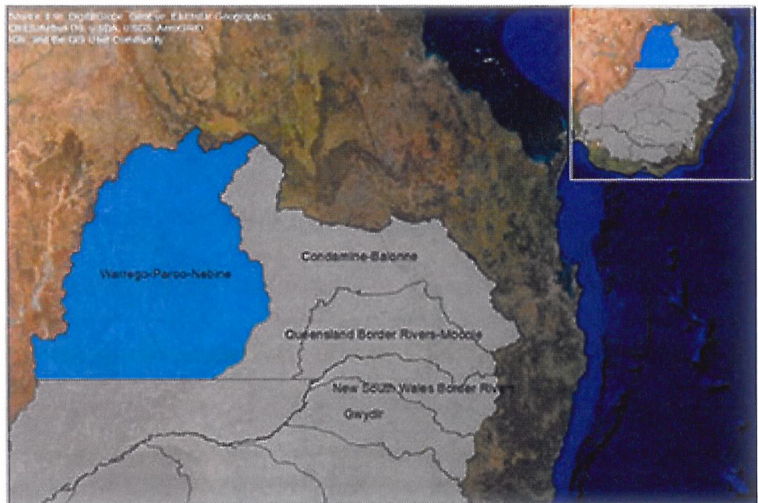
Read more

- [Background on the purchase](#)
- [Senate Order for the Production of Documents 579.](#)

This purchase has also been the subject of numerous request for information made under the *Freedom of Information Act 1982*. Contact foi@agriculture.gov.au and quote reference number FOI2017/18-86, FOI2017/18-87, LEX-994, LEX-1734, LEX-2697, LEX-2711, LEX-2738 or LEX-3189 for further information.

QLD Warrego, June 2017

- Date: June 2017
- Status: Complete
- State: QLD
- Water entitlement class: Supplementary
- Closest town: Cunnamulla
- Nominal volume of offer accepted: 10,611 ML
- LTAAAY volume of offer accepted: 10,129 ML
- Price per ML: \$1,600 per ML
- Total contract price: \$16,977,600
- Austender IDs: CN3436612, CN3436394



In June 2017, the department purchased 10,611 ML of Warrego unsupplemented water entitlements via limited tender. In terms of long-term average annual yield, the purchase contributed 10,129 ML to environmental water holdings in the Basin. The total value of the purchase was \$16,977,600.

This purchase represented good value for money due to the large volume of water available and the tendered price of \$1,600 per ML was within the range observed for similar entitlements in the catchment.

The Commonwealth Environmental Water Holder advised the department that further water recovery in the Warrego catchment would add to the in-stream environmental benefits of existing Commonwealth holdings in the upper and lower parts of the Queensland catchment and Toorale in NSW at the downstream end of the river.

The department engaged the Queensland Government who did not object to the purchase on the grounds that any water recovered in the Warrego is reappropriated towards the shared reduction target for Queensland. This reappropriation has since taken place.

This procurement was consistent with Division 2 10.3(c) of the Commonwealth Procurement Rules as it represented a unique opportunity to purchase a large volume of water with minimal socio-economic impact, particularly when compared to recovering the same volume towards the shared target from other catchments.

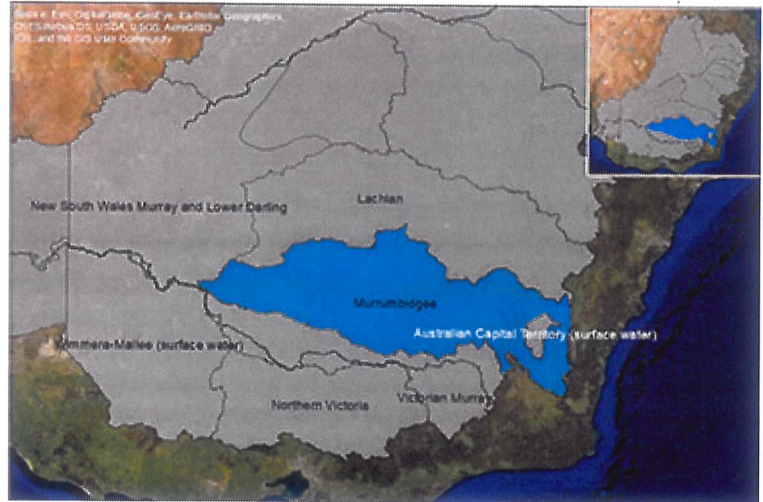
Considering the size of the entitlements on offer, the socio-economic impact from this purchase was less than acquiring an equivalent volume in other catchments, namely the Condamine-Balonne. Advice from the MDBA indicated that the consequences of this purchase on employment in the Warrego region would be 'fairly neutral' relative to pre-Basin Plan conditions.

Read more

- [Background on the purchase](#)
- [Senate Order for the Production of Documents 579.](#)

NSW Murrumbidgee (Lowbidgee), January 2017

- Date: January 2017
- Status: Complete
- State: New South Wales
- Water entitlement class: Murrumbidgee Supplementary (Lowbidgee)
- Closest town: Deniliquin
- Nominal volume of offer accepted: 12,117 ML
- LTAAY volume of offer accepted: 3,381 ML
- Price per ML: \$370 per ML
- Total contract price: \$4,483,290
- Austender ID: CN3400643



In January 2017 the department purchased 12,117 ML of Murrumbidgee Supplementary (Lowbidgee) entitlements via limited tender. In terms of long-term average annual yield, the purchase contributed 3,381 ML to environmental water holdings in the Basin. The total value of this purchase was \$4,483,290.

This purchase represented good value for money as the proposal price was consistent with prices observed for similar water entitlements, in line with the department's valuation methodology for active water markets. See the [BoM water dashboard](#) for further information about water trade prices.

The offer provided water in a region where further water recovery was required and contributed 3,381 ML LTAAY towards the gap in the Murrumbidgee catchment.

The Commonwealth Environmental Water Holder advised that this entitlement type would be useable for environmental purposes within the Lowbidgee, but not a priority for further acquisition. The department also engaged with NSW Government officials about the purchase.

This procurement was consistent with Division 2 s.10.3 (c) of the Commonwealth Procurement Rules as the proposal provides exceptionally advantageous conditions. This assessment is based on value for money for the Commonwealth and minimal impact on third parties.

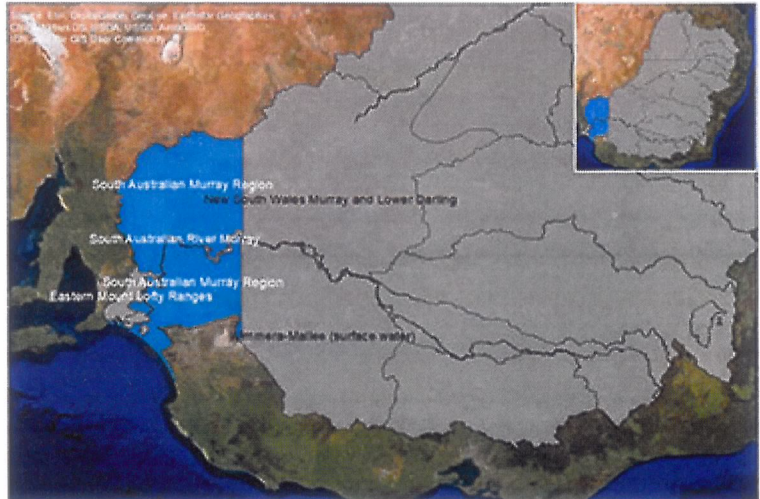
There was minimal socio-economic impact from this purchase due to the seller using the funds from the sale to alter their farming practice. Additionally, as this entitlement type yields water during wet periods they do not yield strong commercial interest as the need to irrigate is generally lower in these wet periods. However, the entitlements do provide a lot of environmental utility and are useful for environmental watering events.

Read more

- [Senate Order for the Production of Documents 579.](#)

SA Murray, June 2016

- Date: June 2016
- Status: Complete
- State: South Australia
- Water entitlement class: South Australia Class 3A
- Closest town: Adelaide
- Nominal volume of offer accepted: 3,200 ML
- LTAAY volume of offer accepted: 2,822 ML
- Price per ML: \$2,500 per ML
- Total contract price: \$8,000,000
- Austender ID: CN3346889



In June 2016, the department purchased 3,200 ML of South Australian Class 3A River Murray water entitlements via limited tender. In terms of long-term average annual yield, the purchase contributed up to 2,822 ML to environment water holdings in the Basin. The total value of the purchase was \$8,000,000.

This purchase represented good value for money at the nominated price. The tendered price was \$125 per ML below the volume average weighted price for the January – March 2016 quarter. The offer provided water in a region which required further recovery and contributed 2,822 ML LTAAY towards the gap in the Murray catchment.

This procurement was consistent with Division 2 s.10.3(c) of the Commonwealth Procurement Rules as it provided exceptionally advantageous conditions. The offer was time limited and presented the opportunity for a unique sale from a non-standard seller.

The purchase of these entitlements did not have an immediate impact on farmers or other agricultural stakeholders as they were owned by the South Australian Government and not used for agricultural purposes.

QLD Border Rivers, May 2016

- Date: May 2016
- Status: Complete
- State: Queensland
- Water entitlement class: QLD Border Rivers unsupplemented
- Closest town: Inglewood
- Nominal volume of offer accepted: 256 ML
- LTAAY volume of offer accepted: 256 ML

- Price per ML: \$1500 per ML
- Total contract price: \$384,000
- Austender ID: CN3341945

In May 2016 the department purchased 256 ML of Queensland Border Rivers unsupplemented water entitlements via limited tender. In terms of long-term average annual yield, the purchase contributed 256 ML to environmental water holdings in the Basin. The total value of the purchase was \$384,000.



This strategic purchase provided exceptional value for money at the nominated price as it was \$300 per ML below prices observed for similar unsupplemented entitlements in the Border Rivers. Unsupplemented water entitlements are a highly variable water supply that is not reliant on infrastructure for storage or distribution. Trades of this specific entitlement class are incredibly rare as there are only two licences of this nature that are in existence. This purchase represents a significant portion (45 per cent) of the consumptive pool of this class of licence.

The department received advice from the Murray-Darling Basin Authority and the Commonwealth Environmental Water Holder on this purchase. The Murray-Darling Basin Authority confirmed that this water would contribute to bridging the gap to the shared SDL target for the northern Basin, subject to the Queensland Government's decision on how the shared reduction amount would be allocated in the northern Basin. The Commonwealth Environmental Water Holder advised that this water entitlement type was a lower priority for their water portfolio, however would still be acceptable for recovery. The department engaged with the Queensland Government who confirmed they had no objection to the purchase.

This procurement was consistent with Division 2 s.10.3(c) of the Commonwealth Procurement Rules due to the uniqueness of the entitlement on offer and exceptional value for money it represented for the Commonwealth.

There was minimal socio-economic impact from this purchase as this entitlement yields water during wet periods when irrigation needs are generally lower. Therefore, irrigators see limited value in this entitlement. The entitlement was on the market for an extended period of time with little interest before it was purchased by the Commonwealth.

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Groundwater purchasing

Under the Sustainable Rural Water Use and Infrastructure Program, the Australian Government committed \$3.1 billion to purchase water to assist with bridging the gap to the sustainable diversion limits in the Murray-Darling Basin Plan 2012.

Sustainable diversion limits limit how much water can be used in the Basin by towns and communities, farmers and industries, while keeping the rivers and environment healthy.

To meet these SDLs, the Australian Government needs to reduce groundwater extractions in the Queensland Upper Condamine Alluvium by 38.45 gigalitres (GL).

The department has held open and limited tenders to purchase groundwater licences in this area, enabling progress towards the long-term protection of the productive base of the aquifer. To date the Australian Government has recovered 35.2 GL (LTTAY) towards the SDL.

See [progress on water recovery](#).

Upper Condamine Alluvium groundwater purchase tender

After 5 unsuccessful open groundwater tenders in the Upper Condamine Alluvium, industry proposed a two-stage approach:

- the Australian Government hold an open water purchase tender (Round 6)
- the Queensland Government would consider reducing water entitlement volumes for those who did not contribute their pre-determined share.

Under Round 6, the Australian Government purchased 35,697.40 ML of groundwater entitlements for \$68,070,646 through open tender.

Between holding the open tender, and the Queensland Government making its reductions to groundwater licences to meet the sustainable diversion limit in the Upper Condamine Alluvium (Central Condamine Alluvium), several entitlement holders advised the department they still wished to contribute to water recovery in the area. The department entered into limited tender arrangements with these entitlement holders, giving them the same opportunity and conditions as purchases made under the Round 6 open tender.

The department purchased 912.2 ML of groundwater entitlements for \$1,750,260 through limited tender.

Total recovery was within:

- 288 ML of the Central Condamine Alluvium target
- 2,954 ML of the Upper Condamine Alluvium (Tributaries) target.

Contract Details

Information about groundwater contracts awarded under the Upper Condamine Alluvium Groundwater Purchase Tender (Round 6) and Upper Condamine Alluvium Limited Tenders is available on data.gov.au.

Open tenders

The department has held 6 open tender rounds to purchase groundwater entitlements.

Open Tender name	Tender period	Volume purchased (GL, nominal)	Total value of tender (\$AUD)
2013-14 Queensland Central Condamine Alluvium Groundwater Round 1	10 February 2014 – 7 March 2014	0	\$0
2013-14 Queensland Central Condamine Alluvium Groundwater Round 2	24 March 2014 – 11 April 2014	0	\$0
2014-15 Queensland Central Condamine Alluvium Groundwater Round 3	21 July 2014 – 14 August 2014	0	\$0
2015-16 Queensland Central Condamine Alluvium Groundwater Purchase Tender Round 4	30 November 2015 – 10 February 2016	1.9	\$3,234,400
2015-16 Queensland Central Condamine Alluvium Groundwater Purchase Tender Round 5	6 May 2016 – 19 May 2016	0.4	\$780,000
2018 Queensland Upper Condamine Alluvium Groundwater Purchase Tender Round 6	19 April 2018 – 31 July 2018	35.7	\$68,070,646

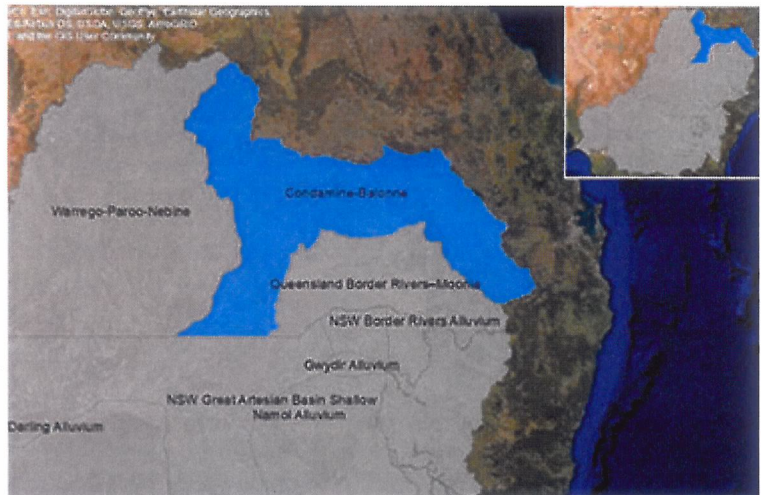
Limited tender groundwater purchases

In July 2016, the department made 2 strategic groundwater purchases through limited tender.

[\[expand all\]](#)

QLD Central Condamine Alluvium, July 2016

- Date: July 2016
- Status: Complete
- State: Queensland
- Water entitlement class: Central Condamine Alluvium Groundwater
- Closest town: Bowenville, QLD
- Nominal volume of offer accepted: 334 megalitres
- LTAAY volume of offer accepted: 292.3 megalitres
- Price per megalitre: \$1,850 per megalitre
- Total contract price: \$617,900
- Austender ID: CN3361041



In July 2016, the department purchased 334 ML of Central Condamine Alluvium Groundwater entitlements via limited tender. The department held 3 open tenders prior to this purchase, however, none of the offers met value for money requirements. The total value of this purchase was \$617,900.

This purchase represented good value for money as the proposal price of \$1,850 per megalitre was below the maximum independent market valuation price range for groundwater in this area of up to \$2,000 per megalitre. The department paid \$1,850 per megalitre.

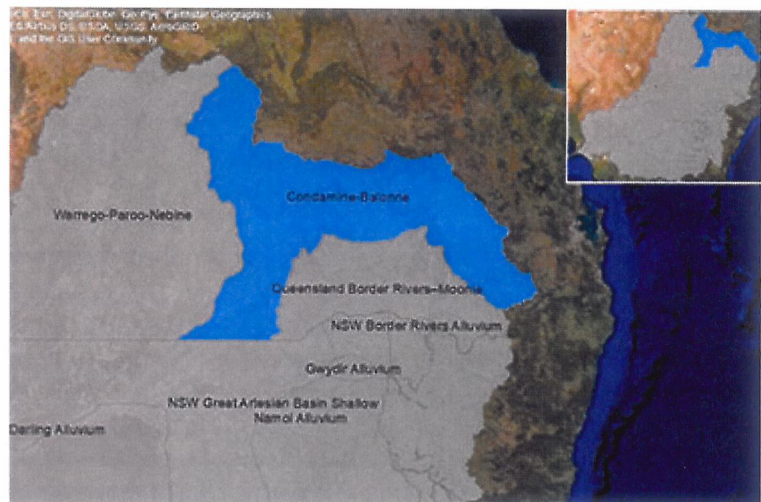
This procurement was consistent with Division 2 s10.3(a)(i) of the Commonwealth Procurement Rules as no value for money submissions had been received in the previous 3 open tenders.

The department engaged with the Queensland Government, who confirmed they had no objection to the purchase.

There was strong local community support for the Australian Government to purchase groundwater in the area, with the Upper Condamine Alluvium being the only area identified in the Murray-Darling Basin Plan requiring groundwater recovery. The seller's agent advised the department that the sale was to form part of a business restructure, with a transition from groundwater to surface water irrigation.

QLD Central Condamine Alluvium, July 2016

- Date: July 2016
- Status: Complete
- State: Queensland
- Water entitlement class: Central Condamine Alluvium Groundwater
- Closest town: Bowenville, QLD
- Nominal volume of offer accepted: 500 megalitres
- LTAAY volume of offer accepted: 437.5 megalitres
- Price per megalitre: \$1,850 per megalitre
- Total contract price: \$925,000
- Austender ID: CN3361181



In July 2016, the department purchased 500 ML of Central Condamine Alluvium Groundwater entitlements via limited tender. The department held 3 open tenders prior to this purchase, however, none of the offers met value for money requirements. The total value of the tender was \$925,000.

This purchase provided good value for money as the proposal price of \$1,850 per megalitre was below the maximum independent market valuation price range for groundwater in this area of up to \$2,000 per megalitre. The department paid \$1,850 per megalitre.

This procurement was consistent with Division 2 s10.3(a)(i) of the Commonwealth Procurement Rules as no value for money submissions had been received in the previous 3 open tenders.

The department engaged with the Queensland Government, who confirmed they had no objection to the purchase.

There was strong local community support for the Australian Government to purchase groundwater in the area, with the Upper Condamine Alluvium being the only area identified in the Murray-Darling Basin Plan requiring groundwater recovery. The seller's agent advised the department that the sale was to form part of a business restructure, with a transition from groundwater to surface water irrigation.

Contact us

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