2025–2026

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA
HOUSE OF REPRESENTATIVES

Cairns Water Security Payment Integrity Bill 2026

No. , 2026

Exposure draft

A Bill for an Act to protect the integrity of Commonwealth water-security payments for Cairns, require reconciled allocation and release accounting for the Barron–Tinaroo system, require a complete alternatives assessment, and for related purposes

Policy declaration

Water is the lifeline. Public decisions about water must distinguish legal entitlement, announced allocation, actual use, carryover, losses, environmental flow, unallocated water and hydropower release.

The Mareeba–Dimbulah Water Supply Scheme may be fully allocated as a supplemented scheme while actual annual use remains materially below nominal entitlement. A Commonwealth funding decision must assess legal allocation, announced allocation, actual use and legally available alternatives as separate matters.

This Act requires the Commonwealth to reconcile the full water account, test lower-cost and existing-system alternatives, publish the legal basis for material hydropower releases, and obtain independent audit before further relevant public money is paid.

Count the water correctly. Compare the alternatives properly. Do not fund a shortage created by omission.

The Parliament of Australia enacts:

Part 1—Preliminary

1 Short Title

This Act is the Cairns Water Security Payment Integrity Act 2026.

2 Commencement

This Act commences on the day after it receives the Royal Assent.

3 Objects Of This Act

(1) To protect the integrity of Commonwealth financial assistance for the Cairns Water Security Stage 1 project and related urban water-security expenditure.

(2) To require Commonwealth decision-makers to distinguish nominal water entitlement, announced allocation, actual use, unused entitlement, carryover, distribution-loss water, unallocated water, environmental or minimum-flow releases, hydropower releases and spill or flood releases.

(3) To require a complete and reconciled Barron–Tinaroo water account before further relevant Commonwealth payments are made.

(4) To require a transparent assessment of existing-system efficiency, Lake Placid strategic-reserve water, water-market options, recycling, stormwater, rainwater and other materially comparable alternatives.

(5) To require the legal and operational basis of material hydropower releases from Tinaroo Falls Dam to be published.

(6) To prevent a Commonwealth funding brief from treating unused entitlement, hydropower release or other separately classified water as proof that no water alternative exists without a complete explanation.

(7) To establish independent audit, reporting and referral mechanisms where Commonwealth water funding may have relied on materially false, misleading or incomplete information.

4 Definitions

In this Act:

announced allocation means the percentage used to determine the maximum volume that may be taken in a water year under a water allocation managed under the relevant resource operations arrangements.

Barron–Tinaroo system means Tinaroo Falls Dam, Lake Tinaroo, the Mareeba–Dimbulah Water Supply Scheme, the Barron River downstream of Tinaroo Falls Dam, Lake Placid and releases associated with Barron Gorge hydro-electric generation.

Cairns water-security payment means Commonwealth financial assistance for the Cairns Water Security Stage 1 project and any later Commonwealth payment for an urban water-supply project for the Cairns local-government area that relies materially on water in or associated with the Barron–Tinaroo system.

complete water account means an account prepared under section 7 and Schedule 2.

hydropower release means a release from Tinaroo Falls Dam recorded as being made wholly or partly for hydropower purposes under the applicable resource operations licence or operations instrument.

Lake Placid strategic reserve means the strategic reserve of up to 4,000 ML nominal entitlement for town water supply from the Barron River at Lake Placid under the Water Plan (Barron) 2023 and the applicable water management protocol.

Minister means the Minister administering this Act.

nominal entitlement means the nominal volume stated for a water allocation or class of water allocation.

relevant Commonwealth payment means a Commonwealth payment to which section 12 applies.

scheme operator means the person or body operating the Mareeba–Dimbulah Water Supply Scheme or Tinaroo Falls Dam.

water year means the period from 1 July to 30 June in the following year.

5 Constitutional Operation

(1) This Act applies to the full extent of the legislative powers of the Commonwealth.

(2) Without limiting subsection (1), this Act relies upon Commonwealth powers concerning financial assistance to the States under section 96 of the Constitution, Commonwealth expenditure and administration, trading or financial corporations, trade and commerce, external affairs, Territories and matters incidental to those powers.

(3) This Act does not itself grant, cancel or vary a Queensland water allocation or repeal the Water Plan (Barron) 2023, a resource operations licence or a hydropower licence.

Part 2—Allocation Status And Water Accounting

6 No Conflation Of Allocation, Availability And Use

(1) For the purposes of a Commonwealth funding decision, the fact that a supplemented scheme is fully allocated does not establish that 100 per cent of nominal entitlement is used in each water year.

(2) The fact that actual use is below nominal entitlement does not, by itself, establish that the unused balance is unallocated water available for a new permanent entitlement.

(3) The fact that an announced allocation is below 100 per cent does not, by itself, establish that the underlying nominal entitlement has ceased to exist.

(4) A Commonwealth funding brief must use the terms nominal entitlement, announced allocation, actual use, unused entitlement, unallocated water and hydropower release consistently with the applicable legal and operational instruments.

7 Complete Barron–Tinaroo Water Account

(1) Before a further relevant Commonwealth payment is made, the Minister must ensure that a complete water account has been prepared for each water year beginning with 2005–06 and for the current water year to the latest reasonably available date.

(2) The account must contain the matters in Schedule 2.

(3) The account must state the source, method and material uncertainty for each reported volume.

(4) Where a volume cannot be reliably determined, the account must state the data gap and the steps required to resolve it.

8 Historical Announced Allocation Reconciliation

(1) The complete water account must include Sunwater’s published history of high-priority and medium-priority announced allocations and each reset during the water year.

(2) The account must separately identify the initial announced allocation and the highest announced allocation reached in the same water year.

(3) A Commonwealth brief must not represent a single low initial announced allocation as the long-term level of scheme allocation or use.

9 Hydropower Release Classification

(1) Each hydropower release recorded in the complete water account must identify, to the extent reasonably ascertainable:

(a) the date and volume of the release;

(b) the storage classification applying at the time;

(c) the provision of the resource operations licence, operations manual, water licence, supply agreement or other instrument relied upon;

(d) the volume, if any, that was also required to satisfy a minimum or environmental river-flow obligation;

(e) the volume, if any, that was additional to those minimum or environmental obligations;

(f) whether the release was classified for accounting purposes as water allocation take, unallocated water, distribution-loss water, operational allowance, spill, flood release or another class; and

(g) the generation revenue and scheme-cost contribution attributable to the release to the extent reasonably ascertainable.

(2) A Commonwealth brief must not state that every hydropower release is allocation-holders' water unless the legal basis for that statement has been independently verified.

(3) A Commonwealth brief must not state that hydropower water is irrelevant to water-security analysis merely because the release is authorised under Queensland law.

Part 3—Alternatives And Existing-System Priority

10 Cairns Alternatives Statement

(1) The Minister must prepare and table in each House of the Parliament a Cairns alternatives statement before a further relevant Commonwealth payment is made.

(2) The statement must assess, using a common methodology:

(a) the Cairns Water Security Stage 1 project;

(b) the Lake Placid strategic reserve;

(c) purchase or seasonal assignment of water allocations from willing holders;

(d) further Mareeba–Dimbulah channel, pipeline, control-gate, leakage and overflow efficiency works;

(e) engineering-feasible covering of open channels or balancing storages, including solar cover where appropriate;

(f) recycling and wastewater reuse;

(g) stormwater capture and treatment;

(h) rainwater harvesting and demand management; and

(i) any other option capable of producing materially comparable reliable yield.

(3) For each option, the statement must state reliable annual yield, capital cost, operating cost, whole-of-life discounted cost, water-quality or treatment requirements, delivery timetable, environmental constraints, legal availability and effect on existing water users.

(4) A statement that merely repeats that there was no alternative does not satisfy this section.

11 Existing-System Efficiency Assessment

(1) The alternatives statement must expressly assess whether further efficiency works in the Mareeba–Dimbulah Water Supply Scheme could produce water savings of a scale comparable with the stated additional yield of the Cairns Water Security Stage 1 project.

(2) The assessment must take account of the verified 11,508 ML annual availability increase associated with the completed efficiency project and the change of purpose of relevant distribution-loss allocation to productive-purpose allocation.

(3) The assessment must not treat the 11,508 ML as a simple increase above the scheme's total nominal water-access entitlement without reconciling the relevant allocation register and change-of-purpose instruments.

12 Condition On Further Cairns Water-Security Payments

(1) The Commonwealth must not make a further material payment forming part of the Cairns water-security payment unless:

(a) the documents in Schedule 1 have been given to the Minister or withheld on a written lawful ground;

(b) the complete water account under section 7 has been published;

(c) the alternatives statement under section 10 has been tabled;

(d) the hydropower release classification required by section 9 has been completed to the extent reasonably practicable; and

(e) the Minister has published reasons explaining why the payment remains value for money after considering the reconciled account and alternatives.

(2) This section does not claw back an amount lawfully paid before commencement.

13 Pricing Transparency

(1) A Commonwealth funding brief concerning the scheme must distinguish:

(a) fixed charges based on water entitlement held;

(b) volumetric charges based on water actually used;

(c) distribution charges;

(d) hydropower contributions to scheme costs; and

(e) any other material cross-subsidy or cost allocation.

(2) A fixed entitlement-based charge must not be described in a Commonwealth brief as a volumetric charge for water actually delivered.

(3) The Minister must request the scheme operator to publish an annual plain-language reconciliation of those charge categories.

Part 4—Audit, Documents And Integrity

14 Required Documents

(1) Before a further relevant Commonwealth payment is made, the recipient, project proponent and any relevant entity required by a valid Commonwealth funding condition must provide the documents in Schedule 1 to the extent held or reasonably obtainable.

(2) A document may be withheld only on a written lawful ground identifying the legal basis for non-production.

(3) Commercial-in-confidence, without more, is not a sufficient reason to withhold from the Commonwealth a document used to obtain or justify public money.

(4) Public release may be redacted only to the extent authorised by law, and the lawful basis for each material redaction must be stated.

15 Independent Hydrological And Accounting Review

(1) Within 90 days after commencement, the Minister must commission an independent review of the Barron–Tinaroo water account.

(2) The review must examine the relationship between announced allocation, actual use, carryover, distribution losses, minimum river flows, hydropower releases, storage levels and the reliability of existing lawful water rights.

(3) The review must not assume that unused entitlement is unallocated water, or that hydropower release is allocation-holder water, without identifying the applicable legal and accounting basis.

(4) The final report must be tabled in each House of the Parliament within 15 sitting days after receipt.

16 Auditor-General Request—Cairns Payment

(1) Within 60 days after commencement, the Minister must request the Auditor-General to consider a performance audit of the Commonwealth funding for the Cairns Water Security Stage 1 project.

(2) The requested scope must include:

(a) which supply and demand alternatives were assessed and how they were scored;

(b) how the funding brief distinguished legal allocation, announced allocation and actual use;

(c) what the brief stated about unused entitlement, unallocated water and hydropower releases;

(d) whether the Lake Placid strategic reserve was fully assessed;

(e) whether further scheme-efficiency options were fully assessed;

(f) whether the increase in estimated project cost from about $248 million to about $472 million triggered a fresh options and value-for-money assessment;

(g) whether material release or allocation information was omitted from Commonwealth decision-making material; and

(h) whether any representation to a Commonwealth entity was materially false, misleading or incomplete.

(3) The Minister must table any final audit report received in response to the request within 15 sitting days after receipt.

17 Referral Following Adverse Audit Or Integrity Finding

(1) If the Auditor-General or another competent integrity body identifies a materially false, misleading or incomplete representation made to obtain or defend Commonwealth water money, the Minister must within 30 days refer the relevant material to:

(a) the integrity body having jurisdiction over the relevant Commonwealth conduct or officer;

(b) the relevant Queensland integrity body where Queensland or local-government conduct is involved; and

(c) the Commonwealth Director of Public Prosecutions where the material is capable of supporting consideration of an offence under Commonwealth law.

(2) This section does not itself determine that any person has committed an offence, malfeasance, misfeasance or nonfeasance.

(3) A State or Territory process does not prevent a Commonwealth process concerning Commonwealth expenditure.

Part 5—Publication, Review And Regulations

18 Annual Public Water Account

(1) For each water year after commencement, the Minister must publish or ensure publication of an updated Barron–Tinaroo complete water account.

(2) The account must be published without charge in machine-readable form and in a plain-language summary.

(3) The published account must preserve the distinctions required by section 6.

19 No Re-Characterisation Of Water In Commonwealth Funding Briefs

(1) A Commonwealth funding brief must not omit a material class of water, release or entitlement in a manner that creates a materially misleading impression of regional water availability.

(2) Existing yield must not be described as new additional yield merely because the proposed end-user changes.

(3) A lawful hydropower release must not be described as proof of a shortage without explaining the legal basis of the release and whether changing that release is legally and hydrologically feasible.

(4) Unused entitlement must not be described as freely available unallocated water unless the applicable law permits that treatment.

20 Independent Review After Three Years

(1) The Minister must cause an independent review of this Act to begin no later than three years after commencement.

(2) The review must assess the quality of public water accounting, the operation of the payment conditions, completion of audits, treatment of hydropower releases, alternatives assessment and any need for amendment.

(3) The review report must be tabled within 15 sitting days after receipt.

21 Regulations

(1) The Governor-General may make regulations necessary or convenient for carrying out or giving effect to this Act.

(2) Regulations must not remove the requirement for a complete water account, narrow Schedule 1 so as to defeat payment integrity, or permit a relevant Commonwealth payment without the requirements in section 12.

Schedule 1—Documents Required For The Cairns Water-Security Payment

(1) The complete detailed business case for Cairns Water Security Stage 1, including appendices and all material updates.

(2) The options assessment and scoring matrix for the Mulgrave, Barron/Lake Placid, demand-management and other material options.

(3) All hydrological, yield, reliability, climate and sensitivity models relied upon.

(4) All Commonwealth and Queensland funding applications, departmental assessments, ministerial briefs and recommendations.

(5) Any options reassessment prepared after the estimated project cost rose from about $248 million to about $472 million.

(6) Water licence 179308 and any successor licence relevant to Barron Gorge hydropower.

(7) The current Mareeba–Dimbulah Resource Operations Licence and each materially relevant predecessor instrument from 2005 onward.

(8) Any hydropower supply agreement or document constituting or evidencing the supply arrangement under the Resource Operations Licence.

(9) Daily Tinaroo release data from 1 July 2005, including the recorded reason for release and the volume recorded for hydropower purposes.

(10) Historical announced-allocation determinations and resets for high- and medium-priority water allocations.

(11) Annual water-user take, carryover, seasonal assignment, distribution-loss and scheme-balance data sufficient to reconcile nominal entitlement with actual use.

(12) The water allocation register information necessary to identify nominal entitlement by priority, purpose and zone, including the change of purpose associated with the 11,508 ML efficiency savings.

(13) Documents concerning the 4,000 ML Lake Placid strategic reserve and any assessment of its use for Cairns town water supply.

(14) Records of any attempt to purchase or seasonally assign water allocations for Cairns urban supply.

(15) Records reasonably capable of identifying hydropower generation revenue and hydropower contributions to scheme costs.

(16) Conflict-of-interest declarations relevant to the Commonwealth funding and options-assessment process.

Schedule 2—Minimum Contents Of The Barron–Tinaroo Complete Water Account

(1) Total nominal water-access entitlement by priority, purpose and zone.

(2) Initial and each revised announced allocation by priority.

(3) Actual water taken or delivered under water allocations.

(4) Unused entitlement balance and carryover.

(5) Seasonal assignments and material permanent trades.

(6) Distribution-loss entitlement and actual distribution losses.

(7) Storage opening volume, inflows, closing volume and spill or flood release.

(8) Minimum or environmental river-flow requirements and actual releases made to satisfy them.

(9) Hydropower releases, separated between volumes coincident with minimum/environmental flows and additional hydropower releases to the extent reasonably ascertainable.

(10) The legal or operational authority relied upon for each material class of hydropower release.

(11) Estimated water passing Lake Placid and the Barron River mouth, with methodology and uncertainty.

(12) The Lake Placid strategic reserve and any other unallocated water in the Barron plan area, clearly distinguishing water outside the supplemented Mareeba–Dimbulah scheme.

(13) Generation revenue and scheme-cost contributions attributable to hydropower to the extent reasonably ascertainable.

(14) Any material data gap, estimate, accounting reclassification or uncertainty affecting interpretation of the account.

Exposure draft only. Companion policy: Water Allocation Policy WA-P 2026/01. Not law. Not introduced.