MInerals Council of Australia

WATER POLICY

Minerals Industry Context

Water Use

- While the minerals sector uses less than 2.9% of national water resources, the industry can be a significant water user at a local or regional level. The minerals industry generates a very high economic value-add from the water it uses, many times that of other industry sectors[i].
- The minerals industry uses a wide variety of water sources including surface and groundwater, sea water and treated effluent. Water used by the industry is not always valued by other users.

Challenges

- Water availability and security of supply is a critical business risk for the minerals industry as water is an essential input to mining and minerals processing and maintaining safety.
- Minerals operations face a wide variety of water management challenges. These challenges may include variable and limited water supply, use and treatment of poor quality water, mine dewatering and the management of excess water.
- Australian minerals operations often install, operate and maintain the infrastructure necessary for their water supply and in some circumstances the water infrastructure provided and maintained by industry is shared with other stakeholders, including neighbouring communities, farmers and pastoralists.

Investment and Innovation

- The minerals industry invests heavily in the development and application of innovative and sophisticated technologies in management systems, recovery, recycling and beneficial use and re-use of waters. The industry has also been at the forefront of adopting a risk management approach to ensure that climate variability is factored into water management planning.
- A reliable and consistent data set across all water users is an essential basis for good policy and effective resource management. The minerals industry developed water accounting framework has made significant advances in achieving this aim. While reliable and consistent data is important for regulatory confidence, datasets need to add both value for business and be meaningful to external stakeholders.

Policy Principles

The minerals industry is committed to the responsible use of Australia's water resources. Accordingly, the Minerals Industry supports and promotes the following principles with respect to water use and management:

Water and the Minerals Industry's Social Licence to Operate

- The minerals industry is committed to the stewardship of natural resource assets, including water.
- Water is recognised as a key business asset with social, cultural, environmental and economic values at a local, regional and national level.
- The minerals industry is committed to active and open engagement with stakeholders including other water users within regions to support regional economic development and diversity and to maximise beneficial re-use of recycled or surplus water

- The rights and interests of Indigenous Australians to lands and waters, including access for cultural purposes are recognised and supported.

Water Planning and Reform Priorities

- The minerals industry strongly supports the principles contained within the 2004 Intergovernmental Agreement on a National Water Initiative and implementation of the national water reform agenda[ii]
- All water planning and management decisions should be based on sound science and stakeholder engagement, be transparent and have agreed and reasonable timeframes for review
- Cultural and environmental water flows should be quantified and secured prior to determining the quantity available for consumptive use
- Industrial users should be included in water resource planning to provide opportunities for maximising economic, social and environmental outcomes.
- The minerals industry makes significant investment in research, monitoring and management of water resources. This knowledge should be incorporated into water sharing planning processes.
- Strategic land use assessment and planning should take account of future water needs and ensure infrastructure is in place to meet those demands
- The integration of mining operations into water sharing planning processes, 'fit for purpose' entitlements and accounting for the regulatory framework in which the industry operates should be priorities for the national water reform process
- In the absence of a fully functioning water market, Clause 34 of the National Water Initiative should be retained to account for the development of suitable transitional arrangements, sector specific challenges, regulatory regimes and market or structural adjustments which the industry faces. [iii]

Access Arrangements and Pricing

- The price of water should reflect demand, water source and quality, rather than being pre-determined based on its end-use
- The effective operation of a national water market should not be limited by the application of any sector based subsidies or rebates, or artificial barriers or impediments to trade
- Water pricing should incorporate the full cost of capturing, storing, treating, distributing and managing water and be discounted where industry has invested in public water infrastructure, planning and management requirements. Alternatively, industry should be able to sell any water savings generated through its investment in infrastructure and efficient water management.
- Access arrangements should be 'fit-for-purpose', recognising that a 'consumptive pool' model may not be the most efficient model for diverse geographical regions and users across Australia.

Regulatory Barriers

- As an economically important user of water, the industry is heavily regulated, and the intersection of those regulatory frameworks and the water reform process needs to be appropriately recognised, understood and equitably reconciled by Governments
- Any regulatory measures being developed by authorities must be equitably applied to all water users, such that they do not represent an unfair barrier for industry-specific access to water markets.

Surplus Water Management and Beneficial Use

- The holding of surplus water in fit-for-purpose storage facilities should be managed on the basis of risk to health and safety and the environment
- Under certain circumstances, the controlled release of water presents a viable option for reducing safety and environmental risks associated with extreme weather events and infrastructure failure
- Regulatory mechanisms should allow for flexibility in the management of surplus water including on-selling, beneficial use, managed aquifer recharge and a risk based approaches to water release.

February, 2012

---

[i] Australian Bureau of Statistics National Water Account 2012-13

[ii] The NWI is an intergovernmental agreement between the Australian, state and territory governments to improve the management of the nation's water resources and provide greater certainty for future investment. The NWI emphasises national compatibility in the way Australia measures, plans, prices, and trades water.

[iii] Clause 34 provides for special circumstances which may face the minerals and petroleum sectors which may need to be addressed by measures beyond the scope of the NWI Agreement.