

**To: Department for Environment and Water, South Australia**

**Re: Water Security Statement 2021 – Water for Sustainable Growth**

**18 June 2021**

## **Introduction**

AMEC appreciates the opportunity to provide a submission to South Australia's Department for Environment and Water's Water Security Statement 2021 – Water for Sustainable Growth. The recommendations and strategies contained within the Statement will have a direct impact on the current and future management of water, which is a critical requirement for the mining and mineral exploration industry.

## **About AMEC**

The Association of Mining and Exploration Companies (AMEC) is a national industry body representing over 375 member companies across Australia, with over 20 members directly investing in South Australia. Our members are explorers, emerging miners, producers, and a wide range of businesses working in and for the industry.

The mining and exploration industry make a critical contribution to the Australian economy, employing over 255,000 people, and in 2018/19 collectively paid over \$39 billion in royalties and taxation. In 2019/20 resources companies invested \$35 billion in new capital and generated more than \$176 billion in mineral exports. \$2.8 billion was spent on minerals exploration in 2019/20, representing an 18% increase from the previous year.

## **Water Security Statement 2021**

### **General feedback**

AMEC continues to be an active participant in discussions and consultations with Commonwealth, State and Territory Governments regarding effective water management planning. Across these processes, our view remains consistent, that the effective management of water is a necessary measure to ensure no commercial or residential groups are disadvantaged, and that Industry's ability to access water supplies in a cost-effective and secure manner, is maintained.

The availability of affordable and steady supplies of water is a key factor to the development of the mineral exploration and mining sector. Given the biosphere and hydrogeological differences across South Australian regions, it is important that adaptive water management practices can reduce the need for prescription, and are reflective of current situations, while being sustainable into the future. This is particularly important as our Industry strives to meet the Government's ambitious Growth State and COVID-19 economic recovery objectives. Our ability to do so will be contingent on multiple factors, including water availability.

## South Australian Framework

The South Australian Government's acknowledgment of the importance of effective water management and the need for innovation in this area, reflected in the \$5.6M allocated to the 'Water and Infrastructure Corridors' initiative. This presents the opportunity for Industry to work with the Government. AMEC extends the invitation to the Department, to work collaboratively to explore opportunities to support the growth of our Industry, by addressing known knowledge gaps and establishing multi-use infrastructure corridors across regional South Australia.

The planned groundwater assessment phase which is set to focus on the Northern Corridor and link the Carapateena, Olympic Dam and Prominent Hill mines with other potential mines in this corridor with known copper prospectivity, including the testing of an old river ben groundwater source option in the Braemar province, will underpin the data that is used to develop the region's water and infrastructure strategy.

To meet expected increased demand for South Australian minerals, aligning with the Government's growth objectives for the State, early planning is required. As identified in the Statement, the current capacity of the State's desalination facility will be tested when demand significantly increases. To prevent potential delays as demand increases, the pre-emptive consideration of further desalination facility construction, to support the long-term water security plan beyond current supplies of water from the River Murray through the Morgan to Whyalla Pipeline, is recommended.

## National-level Water Framework

Given the nature of the mineral exploration and mining industry, the majority of which is located in regional areas, natural water sources can be scarce, with significant hydrogeological variations across landscapes. There is Industry concern, based on recent water reforms at both national and individual State / Territory level, that any changes made at a national level, could have widespread, unintended consequences. These changes, without proper consultation, could diminish the economic viability of projects, and reducing investor confidence should challenges and / or increased costs in obtaining water arise.

Through the National Water Initiative (NWI), the 'water trigger' continues to be recommended for implementation, a recommendation that AMEC opposes. NWI paragraph 34 acknowledges that resources projects require economic and social considerations to be factored into decision making processes, and flexibility in entitlements and planning arrangements is required given the nature of the sector's water extraction requirements. The flexibility required by mineral explorers is unique to the Industry, as, for example, by definition, greenfield mineral exploration occurs where there is no prior knowledge of what is underground, to try and make a successful geological discovery.

We recommend against the duplication and complexity that would arise from such legislative requirements, including the water trigger, which could have detrimental impacts on our Industry, and impede its growth.

AMEC raised concern that the Murray Darling Basin (MDB) was identified in the Productivity Commission's Report into Resources Sector Regulation, as best practice. Recent reviews into the efficacy of the model identified issues with the plan, its implementation and management, and "the

dramatic reduction in inflows that has been experienced in the River Murray system over the last two decades”<sup>1</sup>. This results in water allocation uncertainty, and higher costs for affected proponents.

Decisions about water allocations made at a Commonwealth level, based on this model, do not give appropriate recognition to the large variances in each region’s ecology or hydrogeology. As water availability in one part of a vast landscape does not remain consistent across the whole region, the effective management of resources should reflect these ecological differences, without the need for complex, duplicative requirements that reduce investor and project certainty.

### **Investment into the Industry**

Water management can be a contentious issue, subject to frequent change dependent on seasonality and changing climates. Investors look favourably upon a project’s ability to access water supplies, in a cost-effective manner. As South Australia’s minerals sector competes with other Australian jurisdictions for investment, a robust regulatory framework which can provide an element of necessary investor confidence through accurate operational cost projections is required.

Flexibility via adaptive, risk-based water management practices are an important factor for investment attraction. The more certainty that can be provided to potential investors and project developers, the more opportunities South Australia’s minerals sector will have to meet the growth objectives as per the Growth State’s identification of mining as a priority sector, with goals to more than double the sector’s exports by 2030. In order to realise these targets, competitively-priced, accessible water supplies are required.

### **Final comment**

South Australia is highly prospective for minerals, and our Industry has the ability to meet the Government’s Growth State objectives, in the right policy and regulatory settings. AMEC welcomes the opportunity to work with the South Australian Government as the \$5.6M ‘Water and Infrastructure Corridors’ initiative is further developed, and requests continued engagement.

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<sup>1</sup> <https://www.abc.net.au/news/rural/2020-04-17/mick-keelty-murray-darling-basin-water-sharing-review-released/12151148>