

24 March 2021

Dr Jane Doolan  
Commissioner  
National Water Reform inquiry  
Productivity Commission  
GPO Box 1428  
Canberra, ACT, 2601

via email [water.reform.2020@pc.gov.au](mailto:water.reform.2020@pc.gov.au)

Dear Commissioner Doolan

Thank you for the opportunity to provide a submission on behalf of the Queensland Resources Council (QRC) in response to the Commission's draft report on the National Water Reform inquiry.

QRC is the peak representative organisation of the Queensland minerals and energy sector. QRC's membership encompasses minerals and energy exploration, production, and processing companies, and associated service companies. QRC works on behalf of members to ensure Queensland's resources are developed profitably and competitively, in a socially and environmentally sustainable way.

Queensland's resource industry supplies the world with a broad range of elements, energy, minerals, and metals. Fundamentally, Queensland is in the business of supplying the resources needed for the world's economic development. Our resource exports are either energy fuels like thermal coal and gas, or the building blocks of development including copper, zinc, aluminium, and metallurgical coal for making steel. Electricity generated in Queensland is also "exported" into the national electricity market through two transmission connections to NSW.

QRC supports the renewal of the National Water Initiative (NWI) and generally welcomes the suggestions that the Commission has made in the draft report towards updating and refreshing this important intergovernmental agreement. QRC fully endorses the Commission's draft recommendations around the governance of the NWI.

A renewed National Water Initiative (NWI) also provides an important opportunity to better recognise the interests of First Nations communities in the water planning process including the incorporation of indigenous knowledge. At an operational level, the resources industry is accustomed to working alongside Traditional Owners to understand cultural water use and aspirations. This engagement often dovetails into broader work to support local cultural, social and economic aspirations. Updating the NWI would

better reflect the legislation at the State level. In Queensland, the purpose of the [Water Act 2000](#) includes[section 2(2)(d)] *recognises the interests of Aboriginal people and Torres Strait Islanders and their connection with water resources.*

### Background

Queensland's resource industry relies on water to operate but also understands that it is a valuable commodity for the community and must be used sparingly and wisely. Water for the resource sector comes from a range of sources, including surface water pumped from rivers, groundwater bores, rainfall and runoff, groundwater inflows from extraction of the geological profile interacting with aquifers, potable water and recycled water from all these sources collected on site. Water is extracted, managed and monitored closely during operations to ensure efficient and safe production, that a reliable supply is maintained on site and to minimise environmental impacts on the surrounding environment.

Many of QRC's members are also members of the *national* peak associations – the Minerals Council of Australia (MCA) and the Australian Petroleum Production & Exploration Association (APPEA). QRC is aware that several companies will make their own corporate submission directly to the Commission as well as contributing content to QRC's submission at the State level while also contributing to the national submissions from the MCA and APPEA.

The aim of QRC's submission is not to cut across any of these important corporate or sectoral submissions; but rather to provide some specific examples in the context of Queensland's regulatory framework, particularly in the context of the Commission's draft recommendation 6.1 (page 69).

### The same water access entitlements

The Commission's draft recommendation 6.1 (page 69) presents three dot-pointed suggestions for managing water use and QRC's submission focusses on the first point (below):

“To improve on the entitlements framework, jurisdictions should:

- remove exemptions for mineral and petroleum industries from water access entitlements and planning arrangements, so that these industries are subject to the same water access entitlements frameworks that apply to other consumptive users”

QRC supports the submission made by the MCA suggesting that the application of clause 34 of the NWI as simply an exemption is inaccurate. QRC also supports the submission made by APPEA which steps through the regulatory consequences in Queensland for the resource industries use of associated water. Access to associated water brings with it a substantial set of enduring compliance and regulatory responsibilities.

In Queensland, the resource industry accesses water through two parallel pathways – consumptive water use runs through the same system of licencing and allocation that exists for all other water users; while the system of associated water regulation is designed to manage the situation when water is taken as by-product of resource production. This associated water use is heavily regulated and carries an intense level

of regulatory scrutiny. QRC is not aware of any existing water users in Queensland who would volunteer to access water through this approach and assume the associated compliance and regulatory burden. QRC would like to assure the Commission, that Queensland's associated water users do not feel in any way "exempted".

QRC also notes that the Australian Taxation Office (ATO) assign a zero volume to water rights issued outside State Water Planning frameworks to avoid overstating water use when comparing to the entitlements reported on the BOM Water Markets Dashboard. QRC suspects that the ATO's volumetric allocation reflects a belief that the value of associated water is zero (or perhaps even negative) when you net up all the assorted regulatory imposts that accompany them.

To illustrate some of the processes described in the APPEA submission, QRC has attached a flow chart that reflects the way associated water use is assessed in Queensland. QRC members emphatically reject any suggestion that this process could be described as an exemption. There are links to other regulatory processes as part of this flowchart, and the full set is also available at <https://www.qrc.org.au/resource-project-approval-flowcharts/>

Implementing the Commission's draft recommendation in Queensland would imply a wholesale reworking of the Water Act, which was extensively amended in 2016 to provide for greater consistency in how mining and petroleum operations access associated water. Unwinding these reforms and the extensive transition process that the reforms generated, would not be a simple or easy task. Nor is it apparent that such a reform would deliver any benefits to other water users in Queensland.

In summary, QRC recommends that the Commission reconsider the implications of the first dot point in recommendation 6.1. The draft report does not make it clear how such a change would improve on the water entitlements system in Queensland.

Thank you again for the opportunity to make a submission. Should you have any questions on any matter raised in this submission, the best contact at QRC is Andrew Barger. None of the content in this submission is confidential and the Commission is welcome to publish it on their website.

Yours sincerely

Ian Macfarlane  
**Chief Executive**

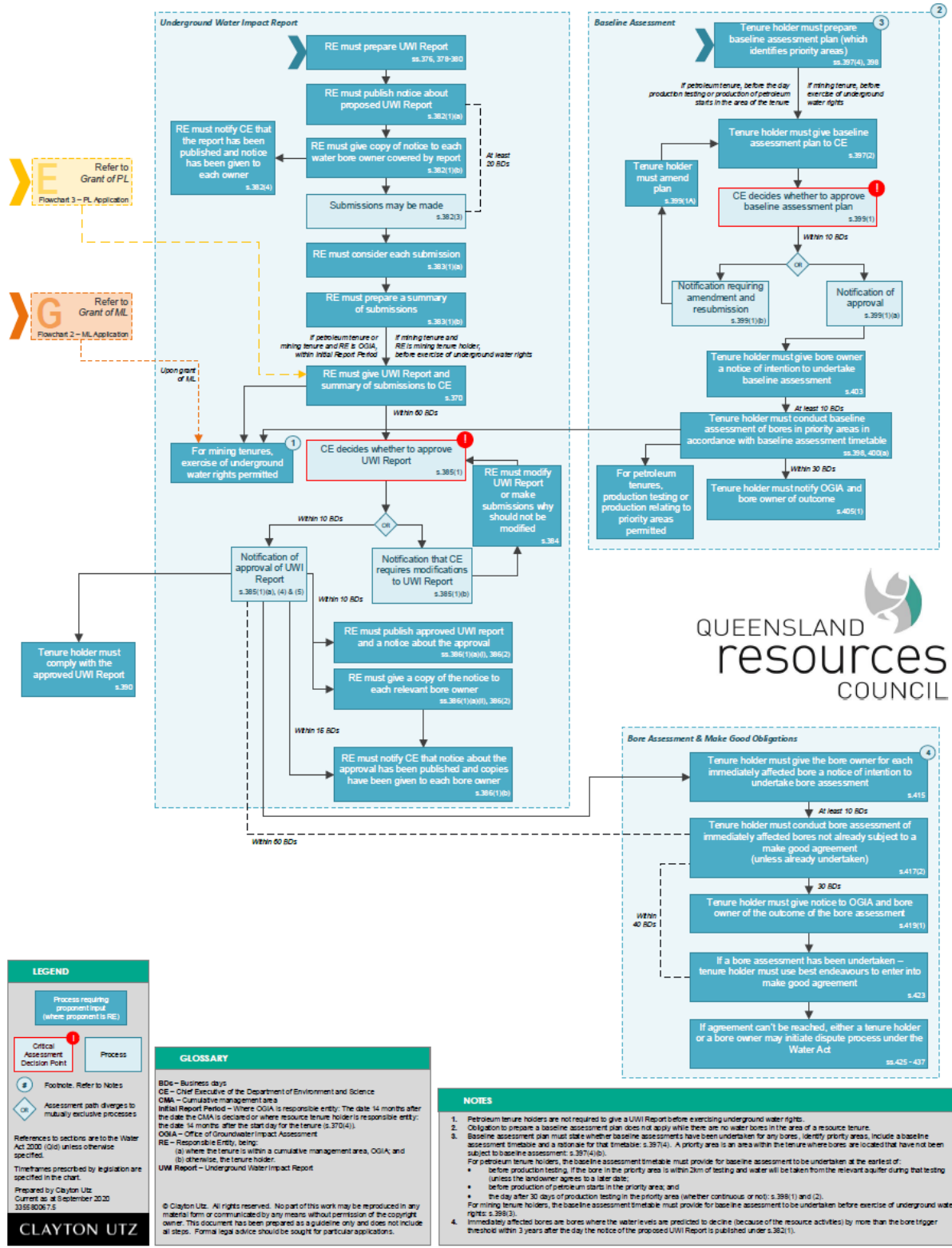
**Enclosed:** Flowchart – Obligations under Queensland Water Act, Chapter Three

# Flowchart – Obligations under Queensland Water Act, Chapter Three

Flowchart 12

## WATER ACT CHAPTER 3 OBLIGATIONS

Note: Some transitional mining projects will require an associated water licence and may be exempted from some of the Chapter 3 obligations. This flowchart does not deal with the associated water licence application requirements.



Source: <https://www.qrc.org.au/water-act/>

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