



Natural Resources Commission
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Sydney NSW 2001

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By email: nrc@nrc.nsw.gov.au

Review of the Water Sharing Plan for the North Coast Fractured and Porous Rock Groundwater Sources 2016

The NSW Minerals Council (NSWMC) represents more than a dozen mining operations within the Sydney Basin North Coast (SBNC) Groundwater Source of the *Water Sharing Plan for the North Coast Fractured and Porous Rock Groundwater Sources 2016*.

The SBNC Groundwater Source is a porous rock aquifer that generally contains poorer quality saline water within coal seams. Water is taken as a result of coal extraction and any subsequent groundwater inflows into mined areas. Mines must be licenced for this water take. There are few other water users within the SBNC Groundwater Source given the aquifer's poorer quality water and low yields.

The SBNC Groundwater Source is effectively fully allocated and entitlements must be obtained through the market. However, despite entitlements being under-utilised, the market is functioning poorly and some mines have had difficulty obtaining the entitlements they require.

There are a range of factors contributing to this situation. Administrative delays and errors have created uncertainty amongst participants and have inhibited trading; conservative water sharing plan settings have unnecessarily limited the total volume of available water; and policy constraints are preventing access to unallocated water. Without changes, the ongoing operation and expansion of current mines, or the development of new mines, could be limited.

NSWMC wrote to the Department of Climate Change, Energy, the Environment and Water (DCCEEW-Water) and the former Minister for Water in July 2020 outlining these issues, supported by a technical report prepared by SLR Consulting highlighting the overly-conservative approach to developing the water sharing plan settings. The Minister's response in August 2021 indicated that the water sharing plan settings would be considered as part of the review process leading up to the 2026 remake of the water sharing plan.

NSWMC believes several measures could improve water availability while ensuring long-term sustainability of the water source. These measures, which could be taken in a staged approach, include:

- 1. Resolve outstanding administrative issues** - Licences in the SBNC Groundwater Source have been plagued by administrative errors that have taken years to resolve. This



has created uncertainty over entitlements and errors in the water register have inhibited trading. Today, the water register states that 68 GL of water has been allocated, while DCCEEW - Water has previously informed NSWMC that 81 GL has been allocated. The chance of establishing an effective water market is diminished by these ongoing administrative issues.

- 2. Undertake a controlled allocation of remaining unallocated water - DCCEEW -**
Water has rejected NSWMC's request for a controlled allocation of remaining unallocated water on the basis that it contravenes the [Strategy for the controlled allocation of groundwater](#). This policy states that controlled allocations will not be undertaken where it would result in more than 80% of a water source's long term annual average extraction limit (LTAAEL) being allocated. DPIE Water states this limit has already been exceeded in the SBNC Groundwater Source despite the water register indicating otherwise.

In any case, the controlled allocation policy has no legal status; it was developed with no consultation; and it was published after the water sharing plan came into effect. In contrast, the water sharing plan is a regulatory instrument developed through public consultation and it clearly envisages the allocation of 100% of the LTAAEL plus an additional supplementary volume from aquifer storage. A controlled allocation of remaining unallocated water is both legal and justified.

- 3. Review the settings of the water sharing plan in light of expert review - NSWMC**
commissioned SLR Consulting to review the assumptions underlying the water sharing plan settings. The review found that "*development of the LTAAEL for the SBNC Groundwater Source is conservative and includes duplication of accounting for environmental risk at various stages.*" The review identifies evidence that supports a review of several key assumptions that underpin the LTAAEL and found that under more reasonable assumptions more water could be made available.

I have attached the SLR Consulting report for reference. For any further information, please contact me at [REDACTED]

Yours sincerely

A handwritten signature in black ink, appearing to read "David Frith".

David Frith
DIRECTOR POLICY