

17 April 2020

Ms Jodie Gregg-Smith
Regional Manager
SA Arid Lands NRM Board
PO Box 78
PORT AUGUSTA SA 5700

Dear Ms Gregg-Smith

Submission to the Draft Water Allocation Plan for the Far North Prescribed Wells Area Consultation Process

The South Australian Chamber of Mines and Energy (SACOME) welcomes the opportunity to provide input to the Draft Water Allocation Plan for the Far North Prescribed Wells (Draft WAP) consultation process.

SACOME is the peak industry body representing companies with interests in the South Australian minerals, energy, extractive, oil and gas sectors and associated service providers.

The Far North of South Australia is an area of great importance to the State's resources sector and the South Australian economy.

SACOME notes that the Draft WAP consultation paper shows mining in the Far North is valued at \$2.8 billion annually; and petroleum production at \$1.2 billion annually, making resources sector activity the highest value industry activity dependent on Great Artesian Basin (GAB) Water.

Water is critically important to resources operations, as it is to other industry, Aboriginal and domestic stakeholders, and to the environment. SACOME acknowledges the need to manage water resources in the Far North responsibly and in a manner that facilitates the activity of regional stakeholders in a sustainable manner.

SACOME notes that the Draft WAP proposes some significant alterations to the previous WAP, including:

- the removal of a volumetric cap on water which can be used for any purpose within the FNPWA;

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- the removal of purpose based allocation rules;
- improved water use efficiency through reuse/reinjection of co-produced water;
- creation of a new water licensing system that will enable 'unbundling' of water rights and create 'consumptive pools' in line with National Water Initiative principles;
- further acknowledgment of Aboriginal Water interests; and
- protection of significant groundwater dependent ecosystems beyond springs.

Further to participation in consultation sessions held earlier this year, SACOME has also consulted with its member companies who have operations in the Far North Prescribed Wells Area to inform this submission.

A summary of issues for submission is provided as follows:

1. Member companies are committed to the sustainable extraction of water from the Great Artesian Basin.
2. Ensuring efficient administration of the new water licensing system should be a priority.

SACOME notes that the Draft WAP creates a structure whereby the Minister for Energy & Mining will hold the Water Allocation Entitlement and make an annual water allocation transfer to applicant companies.

SACOME acknowledges the principles attached to this transfer as set out in the Draft WAP and explained during consultation sessions, noting that they encourage efficient and environmentally responsible use of water by the entity to whom the water allocation is transferred.

SACOME further notes that the new system will create multiple authorisations for granting of a Water License, namely: a Water Access Entitlement; a Water Allocation; a Water Resources Works Approval; and, where appropriate, a Site Use Approval.

These respective authorisations are new administrative devices, creating the potential for a more administratively complex licensing system than is presently in place.

As such, a premium should be placed on administrative efficiency to minimise time/cost impacts for operators associated with implementation of the new system.

3. SACOME notes that the Department of Environment & Water is currently undertaking development of a regional groundwater model for the Great Artesian Basin. On advice from member companies, SACOME submits that the Draft WAP should not be approved by the Minister for Environment & Water until this work is completed.
4. SACOME supports the removal of a volumetric cap on water provided extraction is sustainable.
5. SACOME notes the creation of three consumptive pools under the Draft WAP: the Stock & Domestic Pool, All Purpose Pool and Cultural Water Pool. SACOME understands that no transfer of water allocation is permitted across different consumptive pools.

On advice from member companies, SACOME submits that all licensed groundwater users should be able to trade water in the region irrespective of their industry and the pool within which their water allocation sits. It is suggested that this would eliminate the need for the consumptive pool mechanism

6. SACOME notes that the Draft WAP will allow companies to be licensed for recharge and recovery of co-produced water, with this being a key issue for petroleum operators in the Far North.

Member companies advise that they support the existing arrangement of the Minister for Energy & Mining holding a produced water licence and the ability to allocate co-produced water at a rate of 60 ML/day.

Member companies further advise that any requests and subsequent approvals to increase produced water allocation should reside with the Minister for Energy & Mining so as to minimise reporting requirements for industry.

Further, SACOME is advised that the requirement to re-inject produced water above 60 ML/d is problematic as, due to the remote location of operations, it is challenging to find other suitable uses for produced water.

7. While water levies are not considered as part of the WAP review, member companies suggest that money raised through water levies should go back into managing the resource. Only a small portion of money is reinvested at present and advice from member companies is that this percentage should be significantly increased.

SACOME remains committed to working collaboratively with the South Australian Arid Lands Natural Resources Management Board and the Department for Environment & Water as the Far North Prescribed Wells Area Water Allocation Plan is finalised.

Yours sincerely



Rebecca Knol
Chief Executive Officer