24 November 2015

Deputy Secretary
Growth, Design & Programs Division
Department of Planning and Environment
GPO Box 39
SYDNEY, NSW 2001

To whom it may concern,

Re: Guidelines for the economic assessment of mining and coal seam gas proposals

The NSW Irrigators’ Council appreciates the opportunity to provide comments to the draft Guidelines for the Economic Assessment of Mining and Coal Seam Gas proposals (draft guidelines). As an expert in water resource management, the NSW Irrigators’ Council (NSWIC) will only comment on those aspects of the draft guidelines that directly relate to surface and groundwater resources.

NSWIC welcomes the commitment by the NSW Government to design a more robust and consistent framework that will assist in the economic evaluation of mining and Coal Seam Gas (CSG) proposals. Despite this commitment, NSWIC believes that substantive amendments to the current draft guidelines are necessary to ensure that water rights and water resources are adequately protected from current and future mining and CSG projects. In addition, it must be assured that any third party impacts arising from mining and CSG are adequately taken into consideration in the assessment process.

As a fundamental principle, the draft guidelines must acknowledge the importance of water resources for food and fibre producers in NSW. Irrigators have a right to a share of the available water source (either groundwater or surface water) through holding a water access entitlement. All of the licensing and water allocations are regulated through a comprehensive NSW water management framework which is administered by DPI Water. Water access entitlements are a property right for irrigators and have a significant economic value.

Furthermore, NSWIC would like to provide the following specific comments and recommendations to the draft guidelines:

- The statement on the ‘ambiguity around groundwater rights’\(^1\) needs further clarification. In general, all NSW’s groundwater resources are fully allocated (i.e.
via a sustainable groundwater liit) and managed through the NSW Groundwater Sharing Plans.

- The statement that the importance of a water resource is dependent on the degree of substitutability between water sources is incorrect and misleading. The current rules and regulations governing water management in NSW do not generally allow a substitution between ground and surface water resources and licence holders only have a right to a share in a particular water source (which can generally not be transferred to another source). It is therefore incorrect to suggest that one water source can be easily substituted for another water source. Any proposal to amend the current water management system could have serious third party impacts on other water licence holders and is not supported by NSWIC.

- The guideline's assessment on 'benefits of dewatering' are questionable and require further stakeholder consultation. NSWIC was alarmed that the Department of Planning and Environment accepted the consultant's recommendation on this issue. As we outlined in the previous point, all groundwater sources relevant to agricultural production are fully allocated and managed under NSW groundwater sharing plans. Dewatering of a groundwater source could have serious negative impacts on other water licence holders who hold a share in the same groundwater or other adjacent water sources (i.e. dependent on connectivity).

- The draft guidelines suggestion to only conduct an assessment of selective groundwater resources is not supported by NSWIC. There needs to be a comprehensive assessment of all groundwater and surface water resources that could be impacted by mining and CSG projects and are utilised by agricultural producers. In this context, NSWIC completely rejects the suggestion by Vivid Economics that groundwater sources are only important if they are of national significance and supply services nationally. Such a suggestion completely fails to recognise the current NSW water management regulations and the fact that water licences are property rights and that groundwater is vital for irrigated food and fibre production in regions of NSW.

- The draft Guidelines need to acknowledge that mining and CSG projects could have an impact on water resources (both ground and surface water) post the operational stage. This needs to be recognised as a significant risk in the draft guidelines.

- The draft guidelines must include a reference to the impact on aquifer pressure and surface and groundwater reliability. Any changes to the pressure and/or reliability of surface and groundwater resources can have a significant third party impact on other water licences holders.

- The reference to 'groundwater demand' requires further clarification. NSWIC does not believe that such a reference should be made and is not appropriate.

- The draft Guidelines must be amended to provide more specific values for water trading in NSW. The price differentials in individual valleys are significant and the water source systems cannot be compared. NSWIC recommends to either include more comprehensive, valley specific price averages or remove the reference completely.

- Agricultural water use must be given priority over recreational use.

- NSWIC is disappointed that no surface water module has been developed yet. NSWIC would like to question the reason for this and seek clarification whether a document will be prepared at a later stage (with stakeholder consultation).

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Overall, NSWIC has voiced its concerns about the use of Cost Benefit Analysis (CBA) in relation to mining and CSG proposals in previous submissions. While we understand that CBA is an important tool for evaluating the costs and benefits of a proposal, NSWIC stresses that it must not be relied upon for the entire assessment process. Given the uncertainty around potential risks arising from mining and CSG proposals, the data and assumptions are critical for the final outcomes.

Finally, NSWIC believes that monitoring, compliance and enforcement around mining and CSG is paramount to ensure the protection of the state’s water resources. An adequate and robust framework must be put in place that identifies any risk and takes appropriate enforcement actions if proponents are non-compliant with the current rules and regulations.

If you have any further questions, please do not hesitate to contact our office (02 9251 8466).

Sincerely,

Stefanie Schulte
Policy Manager
NSW Irrigators’ Council