

**Submission
No 1**

INQUIRY INTO STATUS OF WATER TRADING IN NEW SOUTH WALES

Organisation: Yancoal Australia Ltd

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NSW Parliament
Legislative Council
Select Committee on the status of water trading in New South Wales

Inquiry into the status of water trading in New South Wales

Yancoal Australia Ltd (Yancoal) supports the decision to establish a select committee on the status of water trading in NSW.

Yancoal owns and operates a number of coal mines in NSW. These mines employ approximately 3,700 people directly and support local NSW communities through a diverse range of economic activity.

Water security is vital to support Yancoal's operations and directly impacts its ability to continue to contribute significantly to the local, state and national economy. Having access to reliable information on tradeable water access licence entitlements is critical to maintaining water security at Yancoal's operations and to maximising the efficiency of the water market.

The mining industry is subject to stringent regulation in relation to water use and reporting requirements.

Yancoal is committed to best practice mine water management and seeks to minimise its reliance on external raw water supply at its mining operations. Yancoal reports its water use publicly and participates in the NSW Minerals Council's Upper Hunter Mining Dialogue water accounting and reporting initiative.

Yancoal is an active member of the NSW Minerals Council (NSWMC) and supports its submission on the matter. Further to the NSWMC submission, Yancoal provides the following comments:

- Yancoal supports efforts to provide water market information in a more timely and transparent way. We believe this will allow participants to identify potential options to trade rather than operating in constant competition. In this way, water entitlements that are not fully utilised by a holder can be better utilised by another user via the market.
- Currently, it is difficult for participants to track opportunities and to access the water market. Yancoal suggests that the inquiry consider establishing a platform where "buyers" and "sellers" can be matched in an "expression of interest" context. This could also enable a more open temporary trade market for the efficient use of allocated but unused entitlements.
- Yancoal supports improvements in terms of access to existing information, however it should be via a single "point of truth" for licence and rule information. This would improve understanding and search functionality for water users and develop a consistency and improved water user understanding.

- Yancoal believes all water users should be treated equally regardless of the volume of entitlement held.
- Yancoal does not support publishing commercially sensitive information, such as the information included in the WaterNSW Water Accounting System (iWAS). Account information such as individual account meter readings, carry over balances and real time account balances are commercial information and should be kept confidential.
- Yancoal believes water markets are not functioning as intended and is resulting in an inefficient use of the resource.
- Currently mining operations are required to hold permanent entitlements equal to the maximum predicted peak take. This results in mining operations securing licences to account for the “maximum predicted take” for the life of the operation which in effect sterilises the market where they operate.
- Yancoal suggests that permanent licenses only be required to be held for a percentage (e.g. 50%) of the maximum predicted take over the life of the operation. Surplus entitlement could then be held by government in a similar way to how surrendered licenses are managed, and annual shortfalls could be procured on a year by year basis as a temporary trade. The onus would still be on each operation to account for take but it would be on a year by year basis rather than acquiring the full entitlement for the life of the project.
- This approach would free up year-by-year temporary trade as the Water Sharing Plans intends and facilitate a more efficient market within the sustainability and systems constraints of the water source as per the plan objectives. It would also create another revenue stream for government which could be invested into better water management outcomes within the water source.