

Ref: et2194

13 January 2006



Mr Lyndon Rowe  
Chairman  
Inquiry on Urban Water and Wastewater Pricing  
Economic Regulation Authority  
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Dear Mr Rowe

### **ECONOMIC REGULATION AUTHORITY INQUIRY ON COUNTRY WATER AND WASTEWATER PRICING IN WESTERN AUSTRALIA**

The Chamber of Minerals and Energy WA (CME) appreciates the opportunity to provide input to the above inquiry.

CME is the peak resources industry representative body in WA. CME member companies undertake over 90% of the State's mineral exploration and production across a wide range of commodities and employ around 85% of all mineral and energy sector employees.

CME notes that the inquiry is focused on Water Corporation's pricing structures, however we take the opportunity to provide some background on the resources industry's water use and role in development of water resources in regional and remote Western Australia, and reiterate our opposition to the introduction of water resource management charges.

Resources companies have played a key role in the discovery and development of water resources across regional and remote areas of Western Australia, due to the low population, vast area and limited access to water resources across many parts of the State.

The 2004 Regional Minerals Program study sponsored jointly by CME and government agencies, *Water and the Western Australian minerals and energy industry*, found that the resources sector provides around 95 per cent of its own water needs, with the remainder sourced from licensed water providers.

The development of water sources by resources companies involves significant investment in exploring, identifying, quantifying the water resources required for viable operations and providing infrastructure to obtain and store the water. Much of this water is of low grade and unsuitable for non-industrial purposes.

CME supports a greater focus on water resource management and acknowledges that this is essential to secure a sustainable water future for WA industry and the community. The resources industry plays a significant role in the development and management of these resources.

The RMP study estimated that the sector provides in excess of \$700 million in water discovery and development, with ongoing operating and management costs almost certainly exceed \$100 million per annum, paid for by the resources sector.

The industry is highly advanced in its drive to water use efficiency due to the significant costs involved in finding and extracting water. All mining industry water use is metered and licence conditions are imposed on the mining industry to ensure the water is used and managed sustainably.

Given this significant contribution to the investigation and management of Western Australia's water resources, CME is strongly opposed to the introduction of water resource management charges for mining, resource processing and exploration activities.

In contributing over \$1.1 billion in royalties in addition to State taxes to the State Government annually, industry maintains a valid expectation that the State will continue to fund core regulatory services such as those associated with managing the water licensing system. CME considers that regulatory functions should be funded from consolidated revenue, rather than through inefficient and resource intensive levy or fee systems.

Additionally, the resources sector invests heavily in developing and managing most of the water sources used for its own operations. The majority of water used is of poor quality or hypersaline, not suitable for other purposes and in remote locations isolated from other water resources and users. Given these factors, there are significant equity problems in the administration of any management charging scheme.

CME requests that the inquiry take account of the substantial investment of the resources sector in the development of water resources in WA, and further that measures recommended by the inquiry refrain from cost shifting or price regimes that will impact on the competitiveness of resources industry operations in remote and regional areas of the State.

Thankyou for the opportunity to provide input to the inquiry. Should you have any queries, please contact Cara Babb on 9220 8504.

Yours sincerely



**Tim Shanahan**  
Chief Executive