Access to water for local water utilities—requirements for water access licences and water supply work approvals

This fact sheet provides information for local water utilities seeking access to additional water for town water supplies.

Local water utilities provide safe drinking water to our regional communities and businesses. They are defined in the Water Management Act 2000 as:

- local councils or county councils exercising water supply and/or sewerage functions under the Local Government Act 1993
- water supply authorities listed in Schedule 3 of the Water Management Act 2000
- licensed network operators under the Water Industry Competition Act 2006

Local water utilities generally obtain the water they provide to their customers by taking it from a water source, such as rainfall run-off that has been captured in a dam, water flowing in a river, or underground water in an aquifer.

In NSW, any person or organisation, including a local water utility, taking water from a water source must be authorised to do so. Under the Water Management Act 2000, they must have a water access licence and a water supply work approval, unless an exemption applies.

These licensing and approval requirements ensure that our precious water resources are shared between water users and the environment, and that the extraction of water at a particular location does not cause unacceptable impacts on the water source, its dependent ecosystems or existing water users.
Water access licences

A water access licence authorises the licence holder to take a defined maximum amount of water from the water source specified on the licence, using the nominated water supply work and under the conditions detailed on the licence.

Generally, local water utilities will hold one or more water access licences to authorise their taking of water from water sources for their established operations.

These water access licences generally have the category ‘local water utility’ or subcategory ‘town water supply’ and can only be used to supply water to communities for domestic consumption and commercial activities.

Accessing additional water

A local water utility may need to increase the maximum volume of water it is permitted to take from the water source, or obtain water from a different water source, in situations where:

- customer demand for water has increased, due to, for example, population growth
- the amount of water available at the location of the nominated water supply work has decreased, for reasons such as drier and hotter conditions, drought, or compromised water quality as a result of blue-green algae.

This additional extraction must be authorised by a water access licence.

Local water utilities can get authorisation to access more water by seeking to increase the extraction amount authorised by their existing water access licence, or by obtaining an additional water access licence.

Possible options for obtaining this authorisation are outlined in Table 1 and Table 2.

Local water utilities should decide which option best suits their individual circumstances and operations.
Table 1 Options for increasing the extraction authorised by an existing water access licence

<table>
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<th>Option</th>
<th>Things to consider</th>
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| Buy water allocations from another licence holder on the water market under s. 71T or s. 71V of the Act | • Subject to availability of water allocations on the water market  
• Simple transaction process  
• Guarantees water allocations to the extent purchased |
| Apply for the share component of a water access licence with the category ‘local water utility’ or subcategory ‘town water supply’ to be increased under s. 66(4) of the Act | • Purpose of increasing share component must be to provide an immediate increase in the availability of water for supply by the utility to reflect rapid population growth within the utility's area of operation  
• Applicant must demonstrate that there has been rapid population growth within the utility's area of operation, and the volume of additional water required to meet increased demand from that rapid population growth |

Table 2 Options for obtaining a new water access licence

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<th>Option</th>
<th>Things to consider</th>
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| Apply for a new water access licence with the category ‘local water utility’ or subcategory ‘town water supply’ under s. 61(1)(a) of the Act | • Licence category has priority of access to water allocations  
• Water sharing plan rules require applicant to demonstrate the purpose and circumstances relating to the licence, and the minimum volume of water required to meet that purpose and circumstance  
• Subsequent dealing for the new licence to nominate a water supply work required before water can be taken |
| Buy a water access licence from another licence holder on the water market under s. 71M of the Act | • Subject to availability of licences on the water market  
• Simple transaction process  
• Licence is a tradable asset  
• Category of licence is not changed by transfer  
• Licence category may not have priority access to water allocations  
• Water allocation is subject to available water determinations  
• Subsequent dealing for the licence to nominate a water supply work required before water can be taken |
| Apply to lease a water access licence from another licence holder on the water market under s. 71N of the Act | • Subject to availability of licences on the water market  
• Simple transaction process  
• Lease must be for at least six months  
• Category of licence is not changed by lease  
• Licence category may not have priority access to water allocations  
• Water allocation is subject to available water determinations  
• Subsequent dealing for the leased licence to nominate a water supply work required before water can be taken |
### Option

Obtain the right to apply for a new water access licence through a controlled allocation under s. 61(1)(c) of the Act

<table>
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<th>Things to consider</th>
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<tr>
<td>Only available when controlled allocation process opened by the NSW Government</td>
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<tr>
<td>Licence is a tradable asset</td>
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<tr>
<td>Water allocation is subject to available water determinations</td>
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<tr>
<td>The controlled allocation order will specify the licence category which may be applied for</td>
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<tr>
<td>Subsequent dealing for the licence to nominate a water supply work required before water can be taken</td>
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### Applying for a new water access licence with the category ‘local water utility’ or subcategory ‘town water supply’

The NSW Natural Resources Access Regulator (NRAR) is responsible for processing and determining applications for new water access licences by local water utilities.

The Water Utilities branch of the Department of Planning, Industry and Environment provides technical advice to NRAR to inform its decision.

To apply for a new water access licence, complete the steps below.

1. **Before you submit a licence application:**
   - contact the Water Utilities branch of the Department of Planning, Industry and Environment to check what information you need to provide with your application to demonstrate the purpose and circumstances relating to the licence, and the minimum volume of water required to meet that purpose and circumstance
   - contact NRAR about making an application for the licence. Let NRAR know if you have already contacted the Water Utilities branch.

2. **Submit your completed licence application form to NRAR.** Make sure you include all the information requested by the Water Utilities branch and NRAR.
   Failure to include the requested information may delay NRAR’s determination of your application, or NRAR may refuse to grant the water access licence.

3. **Register your new water access licence.** If NRAR grants the water access licence, contact NSW Land Registry Services (LRS) to record your new water access licence on the Water Access Licence Register so the licence takes effect.
   You have six months to register your new licence from the day NRAR notifies you that the licence has been granted. NRAR will provide instructions on how to contact LRS.

4. **Nominate a water supply work.** Contact WaterNSW to make an application to nominate a water supply work on your registered water access licence.
   You can only take water under the licence using a nominated water supply work.
Water licensing

Fact sheet

Water access licence exemptions

A number of water access licence exemptions are specified in the Water Management (General) Regulation 2018. One of these covers water carting for drought relief, but only where the water is used for domestic consumption and stock watering. This exemption applies to the person taking water from the water source if all of the criteria in the licence exemption are met.

For more information about water access licence exemptions, go to industry.nsw.gov.au/water/licensing-trade/licences/types/water-access

Water supply works

Water supply works are the infrastructure used to take water from a water source. Examples of water supply works are water pumps, water bores, dams, weirs and levees.

![Photo: NSW DPI—Water. Darling River weir at Bourke NSW](image)

Constructing and using a water supply work must be authorised by a water supply work approval, unless an exemption applies.

A water supply work approval authorises the approval holder to construct and use a water supply work of the kind specified in the approval to take water from a water source at the location specified in the approval.

Generally, local water utilities hold a water supply work approval to authorise their use of an existing water supply work that is nominated by an existing water access licence.

Constructing and/or using a different work

If a local water utility wants to obtain water from a different location in the water source, or from a different water source:

- construction and use of any different water supply work must be authorised by an approval (unless an exemption applies)
- the different water supply work must be specified on the water access licence that authorises the water to be taken (even if the water supply work is exempt from requiring an approval).
Applying for a new water supply work approval or amending an existing approval

NRAR is responsible for processing and determining applications by local water utilities for new water supply work approvals and to amend existing approvals. This includes assessing the potential impact of the new/amended water supply work on the environment and other water users.

Contact NRAR about making an application for a new or amended water supply work approval.

Nominating a different water supply work on a water access licence

WaterNSW is responsible for processing and determining applications to change the nominated water supply work on a water access licence. This includes assessing the potential impact of taking water under the water access licence using the water supply work.

Contact WaterNSW about making an application to nominate a different water supply work.

Water supply work approval exemptions

A number of water supply work approval exemptions are specified in the Water Management (General) Regulation 2018. One of these is for the construction and use of drought works by public authorities.

This exemption must be applied for and granted in order to take effect, and only operates for a temporary period while drought conditions exist. NRAR is responsible for processing and determining applications for drought work exemptions.

For more information on this drought work exemption, go to industry.nsw.gov.au/natural-resources-access-regulator/licensing-and-approvals

For general information about water supply work approval exemptions, go to industry.nsw.gov.au/water/licensing-trade/approvals/water-supply-work

Contact information

Contact the Water Utilities branch of the Department of Planning, Industry and Environment by completing our online form at industry.nsw.gov.au/contact-us-email or phone 02 9338 6600.

Contact NRAR at by email at nrar.enquiries@nrar.nsw.gov.au or phone 1800 633 362.

Contact WaterNSW at by email at Customer.Helpdesk@waternsw.com.au or phone 1300 662 077.