

Regulatory statement: removal of water licence security levels

Key messages

- All water licences are treated as high security licences to ensure equity of access to water.
- Security levels are being removed from water licences as part of the renewal process.
- Where an announced allocation under 100% is declared, water entitlements will be reduced based on the actual and projected use of water under the licence.

Background

Water extraction licences issued under the *Water Act 1992*, have historically been issued with a security level of high, medium or low. Licence security levels are associated with announced allocations, which is an adaptive management tool that allows the volume of licensed extraction to be varied in response to water availability. Licences for public water supply do not have a security level.

Every year by 1 May, the Controller of Water Resources announces what percentage of a licensed entitlement can be used by a licence holder during the upcoming water year. These decisions are determined through an assessment of the availability of water, based on information such as climate projections, groundwater levels, predicted river flows, rainfall data, water use and information from the Bureau of Meteorology's climate outlook.

When a decision is made to temporarily reduce water entitlements to less than 100%, it is to protect the environmental, cultural and social values associated with the water resource.

The licence security levels were intended to indicate the order and priority in which reductions to extraction limits are made under the announced allocation process, where reductions are required in a given water year.

A review of licence security levels has resulted in the decision to remove them from licences. It has been determined that it is more equitable to reduce licensed entitlements based on the unused component of a water entitlement, rather than by security levels.

When an announced allocation under 100% is declared, reducing licences according to actual and projected take results in a fairer distribution of water resources, which better contributes to protect existing consumptive beneficial uses of groundwater. This means that licence holders who are not using all of their licensed entitlement, will have their entitlements reduced by a portion of the entitlement that they are not using, before a reduction is applied to the extraction limits of licence holders who require all of their entitlement.

As a result, security levels are no longer included on new water licences. Furthermore, security levels are being removed from existing licences as they are renewed or amended. Should an announced allocation of less than 100% be declared while some licences still have a security level, all licences will be treated as high security licences.