

# Groundwater Licensing and Trading in Victoria

for Earth Resource Industries

## Fact Sheet

No. 2

*The Water Act 1989 applies to any earth resource exploration or extraction activities that intersect groundwater*

### Introduction

Groundwater is a resource shared by many users. In Victoria, groundwater provides drinking water for approximately 60 cities and towns including Geelong, Ballarat, Portland and Sale. It is also used to irrigate crops, provide drinking water for stock and for industrial purposes. In recent years the total annual groundwater extraction in Victoria has exceeded 500 billion litres.

### Where is the Groundwater?

Groundwater resources vary in volume and quality throughout Victoria. It lies beneath all parts of the state but its potential for use depends on its intended purpose. Some groundwater is suitable to be treated for drinking and some is too saline for most uses. Yields (the volume of groundwater available) also vary greatly. Because aquifer yield and depth can vary locally, even on adjacent parcels of land, potential groundwater users are advised to seek accurate information relevant to their specific location.

### Balancing the Needs of Users and Environment

Groundwater is a finite resource that, like surface water, is allocated under the *Water Act 1989* (the Act). Under the Act the State Government has the right to the use, flow and control of all water in a waterway as well as all groundwater. As such it has created laws to ensure that allocation and sharing of groundwater occurs for the benefit of the community, groundwater users and the environment. The Crown delegates authority to government departments and water corporations to develop and manage groundwater resources for all users and the environment.

### Key Water Agencies – Rural Water Corporations

Rural Water Corporations are responsible for issuing groundwater licences for any water other than mains supply (which is managed by urban water authorities). They will be able to provide information on: groundwater in their regions, application costs (usually payable upon application) and any ongoing charges, information on water trading and may also provide contact information for local licensed bore drillers.

- Goulburn-Murray Water Corporation  
PO Box 165 TATURA VIC 3616.  
Ph: (03) 5833 5500. Web site: [www.g-mwater.com.au](http://www.g-mwater.com.au)  
Email: [reception@g-mwater.com.au](mailto:reception@g-mwater.com.au)
- Southern Rural Water Corporation  
PO Box 153 MAFFRA VIC 3860.  
Ph: (03) 5139 3100 or 1300 139 510  
Web site: [www.srw.com.au](http://www.srw.com.au) Email: [srw@srw.com.au](mailto:srw@srw.com.au)
- Grampians Wimmera Mallee Water Corporation  
PO Box 481 HORSHAM VIC 3402. Ph: (03) 1300 659 961.  
Web site: [www.gwmwater.org.au](http://www.gwmwater.org.au)  
E-mail: [info@gwmwater.org.au](mailto:info@gwmwater.org.au)

### Australian Drillers Industry Association (ADIA)

In accordance with the Act groundwater bores must be drilled by licensed drillers. The ADIA can provide contact details for its members. [www.adia.com.au](http://www.adia.com.au)

### Victorian Water Resources Data Warehouse

More than 160,000 bores have been drilled across the State. Many of these bores were drilled for mineral purposes and limited records were kept. However bore logs, groundwater levels and chemistry data for more than 50,000 bores are held on the central Groundwater Database (found on the Victorian Water Resources Data Warehouse [www.vicwaterdata.net](http://www.vicwaterdata.net)).

### Managing Groundwater Use

The consumption of groundwater from Victoria's aquifers is managed by geographical area.

In Victoria, groundwater units are identified as Groundwater Management Areas, Water Supply Protection Areas or Unincorporated Areas. These areas are shown on the map overleaf.

In Victoria there are 38 Groundwater Management Areas in which groundwater has been intensively developed, or has the potential to be developed. They are geographically defined as such for the purposes of ongoing management of the aquifer and are carefully monitored via the Department of Sustainability and Environment's (DSE) State Observation Bore Network.

Water Supply Protection Areas are areas declared by the Minister for Water under the Act to protect stressed groundwater or surface water resources through the implementation of a detailed management plan for the area. 25 areas have so far been declared in Victoria.

Unincorporated Areas are areas where no significant development of the groundwater resource has occurred. This is usually because the resource is low yielding, or its quality has traditionally severely limited its use.

### Permissible Consumptive Volumes

A key groundwater management provision under the Act is the setting of a cap on extraction.

The permissible consumptive volume (PCV) is set by the Minister for Water and is the maximum volume of water that can be allocated in an area. Many areas are already allocated to their PCV limit (see map overleaf). In these areas no new licences can be issued. The only way to acquire new water in these areas is to trade with an existing groundwater licence holder (see below).

PCVs are imposed to protect the resource and prevent it being depleted or causing adverse impact such as:

- loss of water supply;
- reduced base flows in rivers and streams;
- changes to water quality / saline intrusion

PCVs do not currently apply to Unincorporated Areas.

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## Groundwater Licences

Groundwater extraction is managed through licensing.

- To drill a bore a Bore Construction Licence is required under section 67 of the Act – further information can be found at: [http://www.ourwater.vic.gov.au/allocation/water\\_allocation\\_framework](http://www.ourwater.vic.gov.au/allocation/water_allocation_framework)
- To extract groundwater for commercial purposes a Take and Use Licence is required under section 51 of the Act – further information can be found at: <http://www.ourwater.vic.gov.au/environment/groundwater/access>

Rural Water Corporations are responsible for assessing licence applications, deciding whether to issue licences and the terms and conditions on which a licence is issued. Licence applications usually take Rural Water Corporations three months to assess.

The Rural Water Corporation will consider a range of matters when assessing groundwater licence applications including:

- whether there is any water available for allocation under the PCV for the area
- any restrictions required by an approved management plan for any groundwater supply protection area;
- any adverse effect that the allocation or use of groundwater might have (ie. impacts on existing authorised users; a waterway or aquifer; the drainage regime; or the environment)
- any water the applicant is already entitled to; and
- the purposes for which the water is to be used.

Licences are issued for between 1 year and 15 years with conditions relating to the exact location and depth from which groundwater can be extracted, the annual volume of water that can be pumped and the rate at which pumping can occur.

When making a licence application, applicants may be required to undertake investigations commensurate with the volume

applied for. These investigations may include pumping tests and environmental impact reports to ensure the extraction will have no adverse effects.

## Licence Conditions

Licences are issued with conditions to protect other users and the environment

These conditions ensure that:

- the bore is constructed in a way that protects the groundwater resource;
- information and data obtained in relation to the bore is recorded for future reference; and
- the bore is located so as to minimise extraction interference with other users or the environment.

## Groundwater Licence Trading Rules

Water trading in Victoria is governed by rules set by the Minister for Water.

In areas that are already fully allocated to their PCV limit (see map below) no further extraction is permitted and groundwater can only be accessed via the trading of existing licences. Trading rules are different for different areas and the relevant Rural Water Corporation should be contacted for more information. Trades need to be approved by the water corporation. A traded licence may have its licence conditions altered based on the properties of the local groundwater resource.

Anyone wishing to trade a licence will be able to find details of all existing extraction licences on the Water Register ([www.waterregister.vic.gov.au](http://www.waterregister.vic.gov.au)) from Spring 2009. Contact details for licence holders can be accessed for a small fee. Rural water corporations may be able to provide information on water brokers, who can facilitate trades.

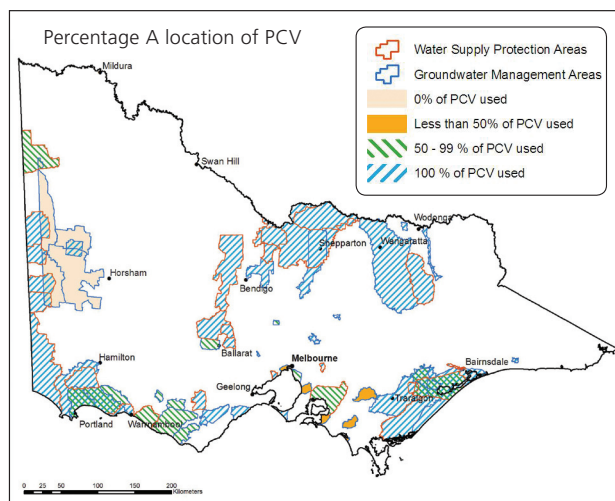
## Bore Decommissioning

If a bore is damaged and cannot be fixed, or is no longer required, it must be properly decommissioned.

This prevents the bore becoming a pathway for contamination of the groundwater, potentially spoiling it for other users. Under the Act, a Bore Decommissioning Licence is required to decommission an existing bore. Causing groundwater to be polluted is an offence under the *Environment Protection Act 1970*.

The map (right) shows:

- Areas where the PCV is 100 per cent allocated – no new allocations can be issued, allocations must be traded to access water
- Areas where the PCV is less than 100 per cent allocated – some water is still available without the need for trading
- Unincorporated areas (all areas not shaded) – where there are currently no PCVs limiting allocation



Please note: some management area boundaries on the map overlap, this is due to the varying depths of aquifers encompassed in those Groundwater Management or Water Supply Protection Areas which may lay above or beneath each other

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