Simplification of the Plan and alignment with legislation – Classes of water access entitlements

Introducing classes of water access entitlements into the revised Lower Limestone Coast Water Allocation Plan (the revised Plan) addresses an opportunity to simplify the Plan.

The concept of classes of water access entitlements was introduced early in the amendment process in broader consultations in 2024. The initial proposal has been revised to the new proposal included in this document.

It is proposed that each water access entitlement will be allocated a class depending on the primary use of the water and in alignment with the class definitions. Classes would replace purposes of use and components in the revised Plan. The key drivers for the revising the proposal were:

- Ensuring alignment with legislation. Additional complexities were identified in the *Landscape South Australia Act 2019* around the differences between water licences and forest water licences.
- In simplifying the number of consumptive pools, the number of classes has increased.
- Feedback and further discussion around what purposes of uses should have greater protections, how we define those uses and how best to structure this.
- A more detailed look at the risk created by flood delivery supplement.

The Limestone Coast (LC) Landscape Board Governing Body and the Stakeholder Advisory Group have contributed feedback on the current proposal.

The First Nations Consumptive Pool is not present in the current consumptive pool proposal and is not replaced by a class of water access entitlement. The LC Landscape Board remains committed to pursuing options for First Nations water rights and is continuing to work through this complexity. Contact the LC Landscape Board if you would like further information.

The proposal is not considered final, and we welcome your feedback.

You may provide any feedback you wish on the concept, but the following questions may be useful in guiding your response.

1. How clear are the proposed definitions for the classes of water access entitlements?
2. Are you clear on how existing purposes of use and components will be assigned to the proposed classes of water access entitlements?
3. Do the proposed classes provide sufficient clarity about how entitlements and allocation will be treated over time?
4. Do you understand how transfers operate within and between classes?
5. Do you support having different security levels for different classes?
6. Do you support the current proposal? Are there alternative ways classes of water access entitlement could be structured that you would like to propose?

Classes of water access entitlements

Review of the Lower Limestone Coast Water Allocation Plan (the Plan) found that it provides a licensing system underpinned by a complex range of components. The number of components is significant and how they are treated and interact is complex. These interactions were commonly misunderstood by licence holders. Under the current licensing system, there are 21 components and purposes of use:

- holding
- forestry (hardwood plantation, softwood plantation)
- aquaculture
- environmental
- industrial
- industrial (dairy)
- intensive animal keeping
- irrigation
- public water supply
- pulp and paper mill operations
- recreational
- delivery supplement (aquaculture, flood, spray)
- specialised production requirements:
    - frost protection
    - fruit trees
    - maximum production pasture flood
    - maximum production pasture spray
    - olive trees
    - sub-clover seed/onion/potatoes.

Under the *Landscape South Australia Act 2019* (the Act) purposes of use and components are classes of water access entitlements. Under **section 53** of the Act a water allocation plan may set out policies and principles around classes of water access entitlements to assist in regulating the transfer of, or other dealings with water access entitlements. Classes essentially allow different rules to be applied to water licences, the way purposes of use and components are used in the Plan.

A simplification of the water licensing system in a revised Plan proposes that the components and purposes of use are replaced by a smaller number of classes of water access entitlement.

Forest water licences cannot be subject to classes of water access entitlements as the licence structure is different to a water licence and does not have a water access entitlement.

The proposed classes of water access entitlements for the revised Plan are:

The classes of water access entitlements are proposed to apply to licences in the Lower Limestone Coast Unconfined Aquifer and Lower Limestone Coast Confined Aquifer Consumptive Pools.

Class of water access entitlement	For the purpose of	Security level	Key conditions
1 Public water supply	Public drinking water systems provided by water industry entities.	Highest security	• No reductions or allocation restrictions. • No new Class 1 water available. • Applies only to existing public water supply licences.
2 Community facilities	Water for community wellbeing (parks, sport, recreation, health and education).	Moderate security	• No entitlement reductions, but allocation restrictions may apply. • No new Class 2 water available. • Transfer is restricted to within the class.
3 Manufacturing, processing and intensive farming	Industrial production and intensive animal production.	Moderate security	• No entitlement reductions, but allocation restrictions may apply. • No new Class 3 water available. • Transfer is restricted to within the class.
4 General security	Most uses under the Plan, including irrigation.	General security	• Entitlements and allocations may be reduced or restricted. • No new water available, but volumes may change through transfers.
5 Supplementary delivery water	Flood delivery supplement.	General security	• Entitlements and allocations may be reduced or restricted. • No new Class 5 water available. • Class 5 may transfer to Class 4 on a proportional basis.
6 Supplementary environmental water	Strategic water for additional environmental outcomes.	High security	• No existing entitlements or allocation at Plan adoption. • No entitlement reductions or allocation restrictions. • Governance arrangements to be developed (e.g. environmental water holder).
Forest water licences	Commercial forestry: a forest plantation where the forest vegetation is grown or maintained so that it can be harvested or used for commercial purposes.	General security	• Forest water licences do not have a water access entitlement and so are not given a class. They are structured separately to the Lower Limestone Coast Unconfined Aquifer Consumptive Pool. • Allocations may be reduced or restricted. • No new water available, but volumes may change through transfers. • The proposed farm forestry principles exempt certain sizes of farm forestry from needing a forest water licence.

More detail on each class of water access entitlement, transition from the Plan to a revised Plan and transfers are provided below.

Class 1 – Public water supply

Allocated for public water supply. Available to water industry entities providing "retail services" to customers in the Lower Limestone Coast Prescribed Wells Area under the *Water Industry Act 2012*. It ensures high security water for reliable and continuous supply for critical human needs.

Class 1 is the highest security water. It will not be subject to reductions in water access entitlements or restrictions to allocations. This level of security aligns with State and Federal Government policy.

Under this proposal there would be no more Class 1 water available in the revised Plan after adoption. The maximum volume of Class 1 will be set on adoption of the revised Plan:

- Class 1 would apply to all current licences with a purpose of use specified as public water supply.
- Class 1 would only be transferable for use as public water supply. This would create a limitation to transfers and water market development.

If additional public water supply was needed by a licence holder, they would need to purchase Class 4 or forest water licence/allocation on the water market. These water access entitlements would remain the class they were purchased at (Class 4) or if it was a forest water licence it would transfer to a Class 4. This water would then be subject to the same conditions as other Class 4 water access entitlements. Under this scenario the licence holder would hold water access entitlements of multiple classes.

Class 2 – Community facilities

Water to support facilities, spaces, or activities where the primary goal is community wellbeing, that provides public recreational benefit, sport, leisure, outdoor public enjoyment, or support public health or education services.

Class 2 has a moderate level of security. It will not be subject to reductions in entitlements but would be subject to restrictions to allocations where resource condition triggers are met.

Under this proposal there would be no further Class 2 water available in the revised Plan after adoption. The maximum volume of Class 2 will be set on adoption of the revised Plan:

- Class 2 would apply to existing licences with a purpose that aligns to the definition.
- Class 2 would only be transferable to uses that align to the definition of a Class 2 water access entitlement. This would create a limitation to transfers and water market development.

If holders of Class 2 water access entitlements need more water in the future, they would need to purchase Class 4 water access entitlements or forest water licence/allocation on the water market. These licences would remain as Class 4 or if it was a forest water licence it would transfer to a Class 4. This water would then be subject to the same conditions as other Class 4 water access

entitlements. Under this scenario the licence holder would hold water access entitlements of multiple classes.

Class 3 – Manufacturing, processing and intensive farming

Water for enterprise production activities at an industrial site, including manufacturing process water, equipment/process cooling, boiler/steam and on-site power for internal needs, washing/cleaning/dilution, material transport, and facility sanitation. Industrial use excludes electricity generation for sale to the grid, mining and quarrying operations, and commercial services.

Water to support animal production systems where animals are kept or housed in confinement or high-density facilities, including water for drinking, animal husbandry, feed preparation, sanitation, waste and effluent management, climate control, and operation of intensive housing or feeding infrastructure. This water is not for irrigation for cropping or pasture production for an intensive farming system. Under this definition aquaculture is considered an intensive farming system.

Class 3 has a moderate level of security. It will not be subject to reductions in entitlements but would be subject to restrictions to allocations where resource condition triggers are met.

Under this proposal there would be no further Class 3 water available in the revised Plan after adoption. The maximum volume of Class 3 will be set on adoption of the revised Plan:

- Class 3 would apply to existing licences with a purpose that aligns to the definition.
- Class 3 would only be transferable to uses that align to the definition of a Class 3 water access entitlement. This would create a limitation to transfers and water market development.

If holders of Class 3 water access entitlements need more water in the future, they would need to purchase Class 4 water access entitlements or forest water licence/allocation on the water market. These licences would remain as Class 4 or if it was a forest water licence it would transfer to a Class 4. This water would then be subject to the same conditions as other Class 4 water access entitlements. Under this scenario the licence holder would hold water access entitlements of multiple classes.

Class 4 – General security

Any use under the Plan except forestry, flood delivery supplement and supplementary environmental water. It can be used for water for irrigation for any crop type or irrigation system, frost protection, specialised production requirements, public water supply, manufacturing, processing and intensive farming and community facilities.

Class 4 is a general security level. It could be subject to reductions in entitlements and would be subject to restrictions to allocations where resource condition triggers are met.

Under the revised Plan there will be no more water available but the volume of class 4 may vary through time due to transfers (e.g. with forest water licences) or transfer of Class 4 to Class 6 or the

transfer of Class 5 to Class 4. Class 4 would apply to all water licences not captured by the other classes and not to forest water licences. Licences currently recognised as holding licences are equivalent to water licences under the legislation and would also be Class 4. If holders of Class 4 water access entitlements need more water for the same purpose of use, they would need to purchase Class 4, Class 5 (and convert it to Class 4) or forest water licence/allocation (and convert to Class 4) on the water market.

Class 5 – Supplementary delivery water

Water in this class is for current flood delivery supplement allocations in the confined and unconfined aquifer.

Class 5 is a general security level. It could be subject to reductions in entitlements and would be subject to restrictions to allocations where resource condition triggers are met.

In the current Plan flood delivery supplement is the volume of water in addition to the transferable component that eligible flood irrigators are allowed to extract for the purposes of flood irrigation. It is assumed to return to the unconfined aquifer. Under the revised Plan there will be no more water available. There will be no more Class 5 available after adoption of the revised Plan. It is proposed to allow Class 5 to transfer to Class 4 but only on a proportional basis. The volume of Class 5 may then decline through time due to transfer to Class 4.

Under the Plan the assumption is the flood delivery supplement returns to the unconfined aquifer. If the water is transferred to a Class 4 or a forest water licence that assumption is no longer appropriate and so only a proportion of the volume will transfer and a proportion will be surrendered. Class 5 can be transferred with its associated Class 4 where it will continue to be used for flood irrigation. It can not be transferred on its own and remain a Class 5. Where a Class 5 transfers to a Class 4 this involves a change in class.

Class 6 – Supplementary environmental water

Water in this class is for environmental purposes additional to that required to maintain the resource and dependent ecosystems (which is met through sustainable allocation and adaptive management and is a requirement under the legislation).

Water in this class is for the strategic application of water for environmental projects. It needs to be kept in mind that this is taking water from the aquifer to create a benefit for the environment, perverse outcomes are possible without strategic management.

Class 6 has a high level of security. It will not be subject to reductions in entitlements or restrictions to allocations. As this is not an existing purpose of use under the Plan the allocation on adoption of a revised Plan will be zero.

Class 6 would be dependent on the development of a governance process to administer it such as an Environmental Water Holder.

Transition from current purposes of use and components to classes of water access entitlement

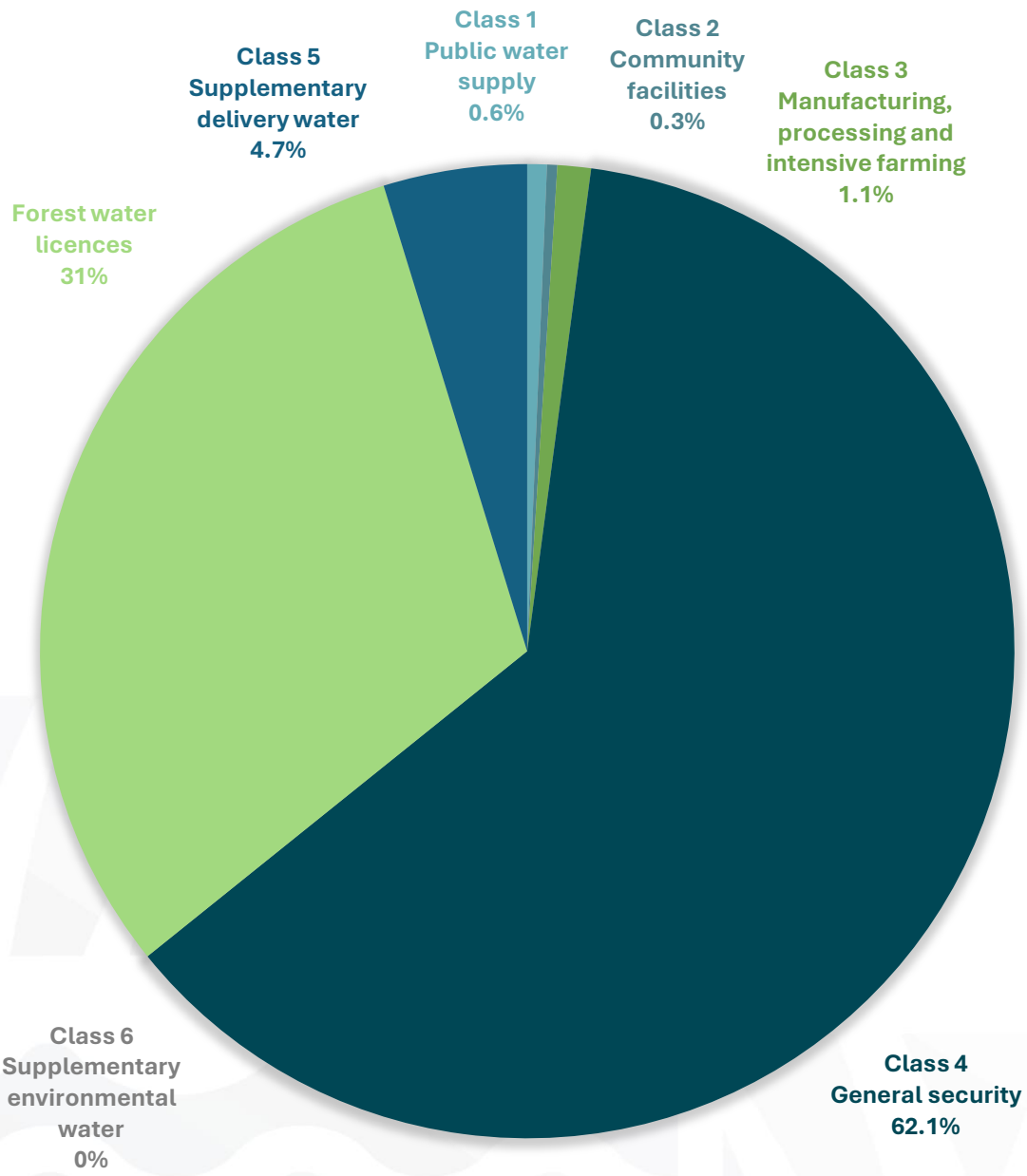
Based on the current proposal the following table indicates how current purposes of use and components would transition to classes of water access entitlement.

Class of water access entitlement	Security level	Current purposes of use and components
1 Public water supply	Highest security	• Public water supply.
2 Community facilities	Moderate security	• Some water licences with a current purpose of use of recreational will transition to class 2. • Some water licences with a current purpose of use of recreational may not meet the definition outlined for the revised Plan and will transition to class 4.
3 Manufacturing, processing and intensive farming	Moderate security	• Some water licences with a current purpose of use of industrial will transition to class 3. • Some water licences with a current purpose of use of industrial may not meet the definition outlined for the revised Plan and will transition to class 4. • Pulp and paper mill operations. • Intensive animal keeping. • Aquaculture.
4 General security	General security	• Irrigation. • Industrial dairy. • Delivery Supplement – Spray. • Delivery Supplement – Aquaculture. • Specialised Production Requirements – Frost protection. • Specialised Production Requirements - Fruit trees. • Specialised Production Requirements - Max prod pasture: Flood. • Specialised Production Requirements - Max prod pasture: Spray. • Specialised Production Requirements - Olive trees. • Specialised Production Requirements – Sub-clover, seed/onion/potato. • Mining. • Environmental. • Some water licences with a current purpose of use of industrial. • Some water licences with a current purpose of use of recreational. • Holding licences.
5 Supplementary delivery water	General security	• Delivery supplement for flood irrigation in the confined and unconfined aquifer.
6 Supplementary environmental water	High security	• No existing purposes of use or components of use will transition.
Forest water licences	General security	• Forest water licences.

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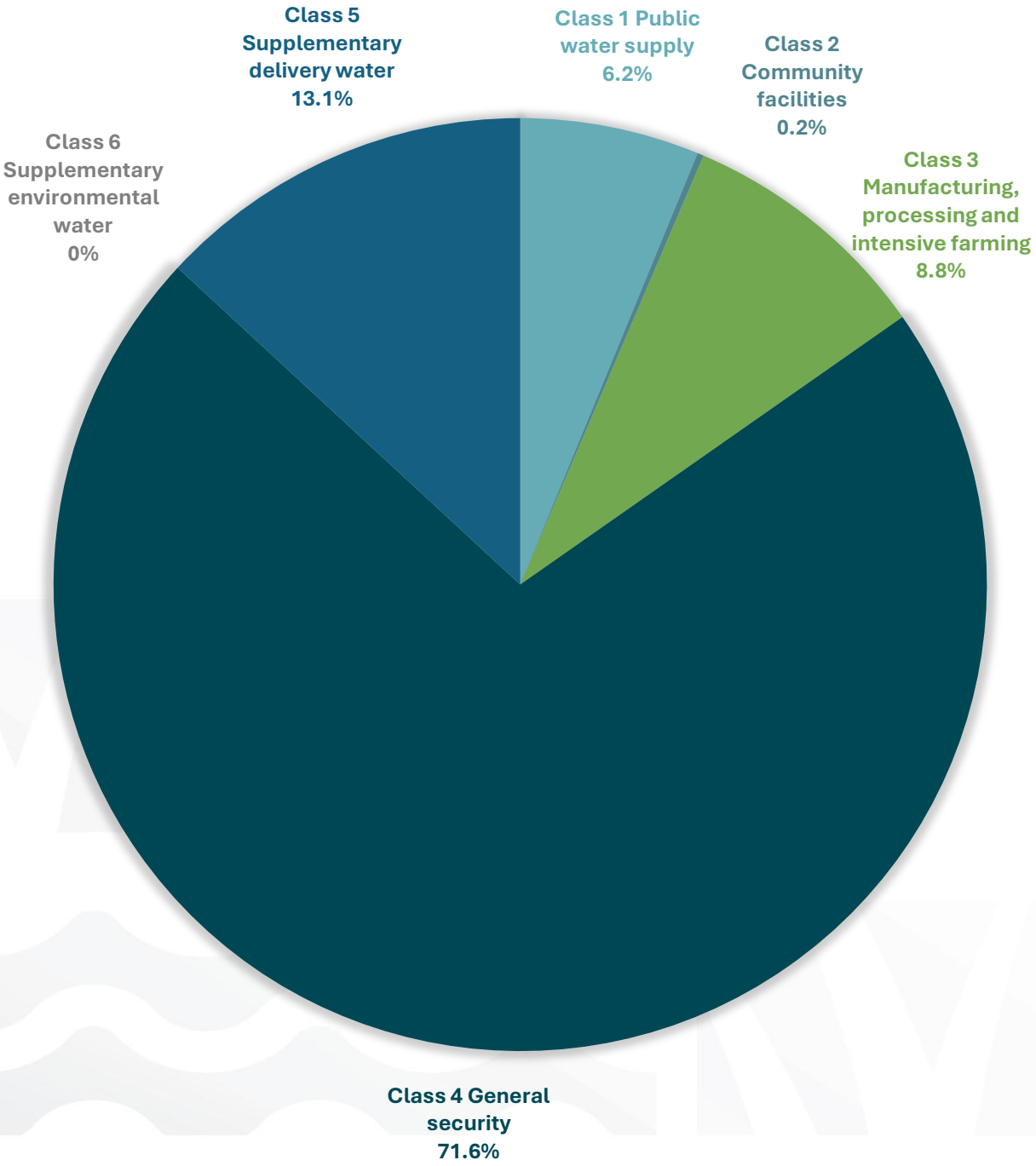
Indicative proportions of classes on adoption of the revised Plan

UNCONFINED AQUIFER



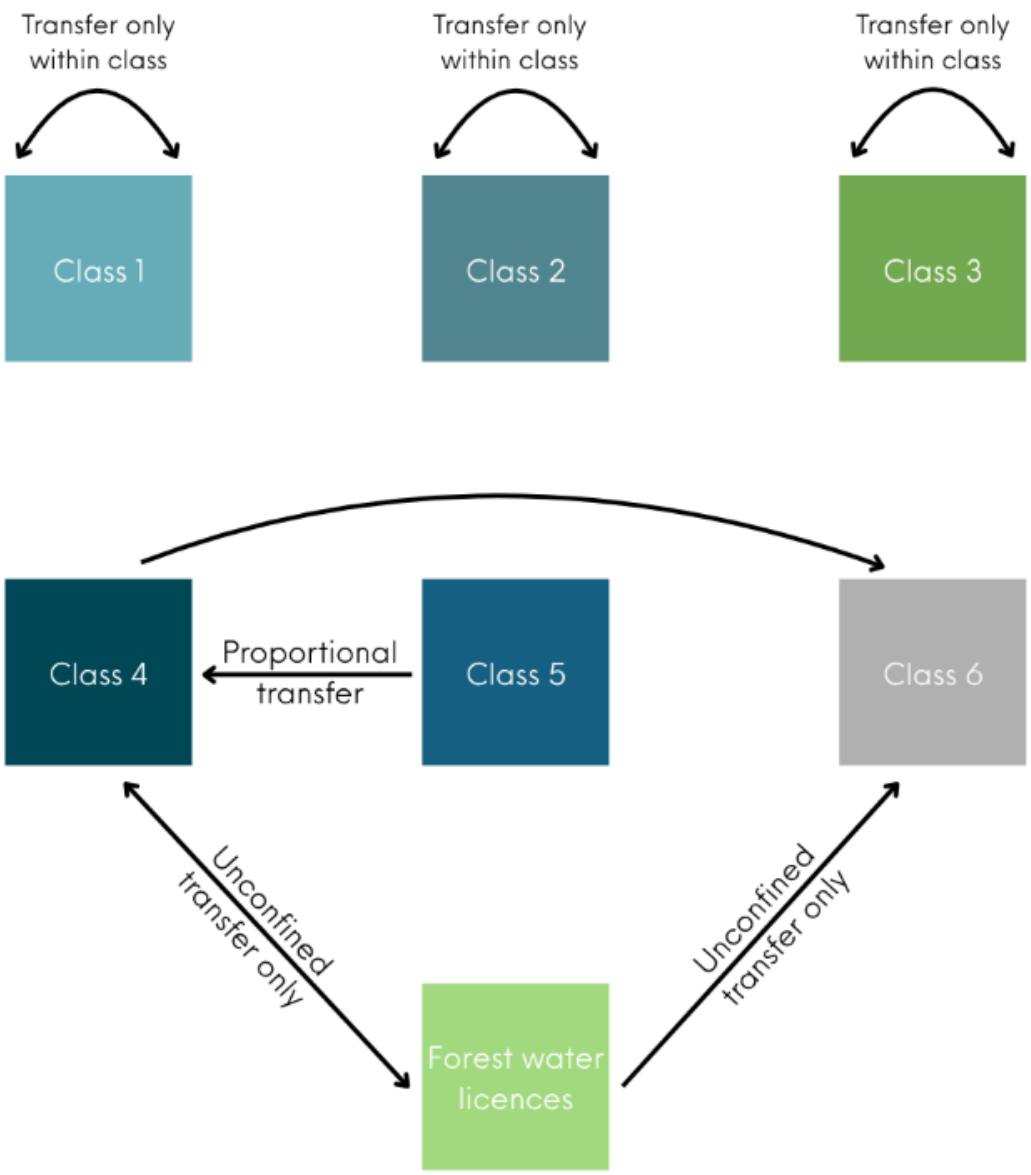
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CONFINED AQUIFER



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How transfers are possible under the proposal



Proportional transfer = not all entitlements and allocation will transfer, some will be surrendered as the class transfers to another class.
Unconfined transfer only = Forest water licences do not access the confined aquifer. These transfers can only occur where the other class is also related to the unconfined aquifer.