

Temporary groundwater licensing exemption to support housing and infrastructure delivery

Licensing exemption for construction in coastal areas will streamline approvals and speed up housing delivery

Introduction

The NSW Government has introduced a temporary groundwater licensing exemption under the Water Management (General) Regulation 2018 to help fast-track housing and infrastructure delivery. The reform is part of the NSW water sector agencies' [Housing Approval Reform Action Plan](#), which aims to support the government's target of delivering 377,000 new homes by 2029.

The exemption applies to dewatering required during construction and removes the need for a water access licence for qualifying housing and infrastructure projects along the NSW coast.

The exemption applies across specific coastal water sharing plan areas and will remain in effect until 30 June 2029, supporting delivery of housing and infrastructure while longer-term regulatory reforms are developed.

Why was the exemption introduced?

The exemption was introduced to reduce timeframes, regulatory complexity and costs involved with delivering much-needed housing and infrastructure in coastal areas. It maintains environmental protections and oversight through existing approval processes. It also helps prevent delays caused by undeveloped coastal water markets that may not efficiently meet increased demand for construction dewatering.

This exemption is a key commitment under the Housing Approvals Reform Action Plan.

What construction projects are eligible for the exemption?

The exemptions apply to qualifying building and infrastructure construction projects in eligible coastal water sharing plan areas, subject to meeting certain conditions, until June 2029.

What does the exemption mean for developers?

Qualifying projects can extract more than 3 megalitres of groundwater during construction without a water access licence. However, to qualify, developers must:

- record and report all water take to the Natural Resources Access Regulator (NRAR), and
- comply fully with any water supply work approval conditions, including respecting limits on the amount of water extracted.

All other approval requirements remain in place and are unchanged. Failure to comply may void the exemption, and the activity could be considered unauthorised under the *Water Management Act 2000*.

Is the exemption automatic or do developers need to apply?

The exemption is automatic if the project meets all eligibility criteria and complies with the relevant conditions. Developers are responsible for ensuring they comply with all legal obligations.

Does the exemption apply to future infrastructure projects or only existing ones?

The exemption applies to activities taking place from the date the amendment takes effect until 30 June 2029. It is not retrospective and does not apply to water taken before the exemption commenced.

Does the exemption cover water taken after construction is complete?

No. Water taken after construction is complete, such as the ongoing basement dewatering, is not covered. However, this form of water take may be exempt under the <3ML licensing exemption, depending on specific details and circumstances.

Can developers take water without any conditions?

No. Developers must comply with all approval requirements and meet all reporting and compliance obligations.

What are the compliance and reporting requirements?

All water extracted under the exemption must be recorded and reported to the Natural Resources Access Regulator (NRAR). Information on how to record and report take can be found on our website at [Groundwater access licence exemptions](#).

What happens if developers do not comply?

Failure to meet exemption conditions or approval requirements may result in enforcement action by NRAR.

What steps are being taken to ensure reporting compliance under the exemption?

Improving industry understanding of the recording and reporting requirements is essential to achieving better compliance.

The licence exemption is conditional – to be covered, all water take must be recorded and reported to NRAR. Failure to meet this requirement means the activity may not be covered by the exemption and could result in enforcement action for unlicensed water take.

To support compliance, water sector agencies will increase communicate with industry to raise awareness of these obligations and ensure developers understand their responsibilities.

What role do the NSW water agencies play in the approval process?

WaterNSW assesses most construction related approval applications, including those initiated by local councils.

The Water Group within the NSW Department of Climate Change, Energy, the Environment and Water assesses water management approvals from public authorities. It also contributes to state significant development (SSD) and state significant infrastructure (SSI) assessment proposals.

Will the exemption affect current water management practices or sustainability?

No. While the exemption streamlines the approval process for construction-related groundwater use, it does not change existing environmental protections or assessment requirements. Risks to groundwater are still managed through existing project approval processes, and all extraction must remain within long-term average annual extraction limits. Government agencies will continue to monitor groundwater use to ensure it is sustainably managed during construction.

Where can I find more information?

You can find more information on groundwater access licence exemptions on [our website](#).

For enquiries call the department on 1800 633 362 or email water.enquiries@water.nsw.gov.au