

Queensland water markets
optimisation

Action Plan

This publication has been compiled by Water Markets, Department of Regional Development, Manufacturing and Water.

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Queensland water markets optimisation

The Queensland Government is working to maximise the value and availability of our water resources to deliver economic benefits while protecting our rivers and streams.

Providing water for Queensland communities, industries and agriculture presents challenges, including weather, changes in climate, commodity markets and demand.

Effective water markets can assist in managing a limited and variable resource while also maximising the economic benefits from water available through Queensland's water planning framework.

Queensland's water markets present regional inconsistencies. Some water supply schemes have highly functional markets providing great economic benefits, whereas other markets are undeveloped with limited benefits.

After considering valuable stakeholder feedback gathered through the Underutilised Water Partnership Project, the department has identified key actions to improve our water markets.

The key actions under the Queensland water markets optimisation provide a pathway towards efficient water trading markets.

Efficient water markets will help get the most out of our water resources and water supply infrastructure now and into the future.

KEY ACTIONS:

- 1. Encourage more trade of unused water from:**
 - a. Supplemented water users
 - b. Unsupplemented water users
 - c. Resource sector water users
- 2. Assist investors locate water for development or expansion**
- 3. Improve visibility of market activity information including:**
 - a. Data on supplemented water being traded temporarily
 - b. Data on unsupplemented water being traded temporarily
 - c. Better quality data on water traded permanently and temporarily
- 4. Provide live and interactive mapping of water trading opportunities**
- 5. Connect water users by supporting water brokerage**

Actions in more detail

1. Encourage more trade of unused water

The Underutilised Water Partnership Program identified that many agricultural, industrial and local government water customers don't use all their water, even in the driest years.

These unused volumes of water often don't make it to market, which in-turn makes it difficult for buyers to connect with sellers and can increase the cost and time associated with trading water.

By encouraging more water users to offer their unused water on the temporary trading market, other businesses can access water for finishing a crop or adding value before harvest time. With more water being traded, Queensland's water resources and bulk water supply infrastructure will be optimised for maximum economic development.

a. From supplemented water users

Plan: Use existing communication channels (text messages, emails and quarterly bills) to prompt supplemented water users with unused water to voluntarily offer it to other users through temporary trading.

Prompts can be a highly effective means for motivating water customers to change habits. For example, including charts on bills that compare householders' water usage with that of their neighbours and community has been found to be highly effective in promoting water efficient practices.

The department will work with water service providers to include messaging on bulk water supplier bills, emails and text messages as a way to prompt customers with unused water to offer this water on the temporary trading market.

b. From unsupplemented water users

Plan: Use unsupplemented water user bills and/or meter read notices to prompt entitlement holders to voluntarily offer any unused water available to others through temporary trading.

The department issues bills and meter read notices to unsupplemented water entitlement holders outside of Queensland water supply schemes. The department is therefore able to target messaging to unsupplemented water users via these channels.

c. From resource sector water users

Plan: Use existing networks to engage with the resource sector and its representatives to encourage resource companies to offer underutilised water to others through temporary trading.

There are many reasons why water allocated to the resources sector can remain unused. In addition, there are many reasons why resource sector companies do not make water available for temporary trade.

By working closely with resource sector representatives and water service providers, the department aims to encourage resource sector companies to offer unused water to other water users on the temporary trading market.

Making unused water available on the temporary trading market can offer resource sector companies an opportunity to contribute to social licence initiatives and generate income, while still ensuring their long-term water security.

2. Assist investors to locate water for development or expansion

Plan: Use the Water Investor Hotline to support business and investors with information about accessing the water they need to establish and expand their enterprise.

The Underutilised Water Partnership Project identified that investors find it difficult to access the water information they need to support expansion and development.

In July 2020, the Water Investor Hotline was launched to support investors with:

- up-to-date information on water availability in existing plans, water supply schemes and water management areas
- connecting with water brokerage and water service providers
- other processes involved in accessing water rights.

The project intends to ensure enquiries that relate to new or expanded development will be consistently responded to with the best available information.

3. Improve visibility of market activity information

Providing publicly available, meaningful and high-quality market activity information will allow better business planning and risk management for water users in Queensland.

a. Data on supplemented water being traded temporarily

Plan: Publish temporary trade price information for supplemented water.

There is currently limited public information available on the volumes and prices of water that is being traded on the temporary market. The Underutilised Water Partnership Project highlighted that the lack of temporary trade information limits some Queensland water markets and is a significant contributor to water not being used.

Temporary trade information in other jurisdictions provides a valuable indication about the availability and value of water. The absence of accurate and timely temporary trade information means water users find it difficult to plan for investments and to know when to buy water for risk mitigation purposes.

This initiative intends to facilitate the daily publication of temporary trade information by the bulk water service providers.

b. Data on unsupplemented water being traded temporarily

Plan: Publish unsupplemented temporary trade information—including volumes, prices and locations—regularly via the Business Queensland website.

There is a lack of unsupplemented temporary trading information, which makes it hard for buyers and sellers to identify critical information they need to confidently participate in the temporary water trade market.

Unlike permanent trade information, which is reported monthly via the Business Queensland website, no reports are currently published on temporary trade activity throughout the state.

This initiative will identify efficiencies within internal departmental processes relating to the collection of water trade data to ensure this important information is accurately captured for unsupplemented temporary trades. Improvements to reporting of this information will be staged to progressively enhance access to unsupplemented temporary trade data on the Business Queensland website.

c. Better quality data on water traded temporarily

Plan: Specify the location, priority level and Water Allocation Group for all permanent and temporary water trades

The location, priority level and Water Allocation Group of a water allocation can affect the level of access and security associated with being able to take water. These factors also influence the value and sale price of water.

Water trading reports for permanent trades are currently published on the Business Queensland website monthly, however there is no report for the temporary market. This makes it difficult for buyers and sellers to identify the value of different types of water trading on the temporary water markets.

The initiative will identify the necessary amendments to work practices within departmental water trade recording processes to include the location, priority level and Water Allocation Group associated with each trade. As improvements to both temporary and permanent trade reports are progressively released, it will also ensure that the published trading reports are amended to include this information.

4. Provide current and interactive mapping of water trading opportunities

Plan: Develop integrated GIS mapping layers that display current information on priority areas for investment in water and unallocated water releases via the Queensland Globe

Lack of public information on where water is available and how it can be accessed is a significant hurdle for prospective investors, as well as current water users wanting to expand their business.

This initiative will develop a range of integrated GIS layers that display current information about unallocated water reserves and releases, underutilised water, market activity, unmet demand and water usage as a 'Topic' to select within the [Queensland Globe](#).

The initiative will also establish an open process for potential clients to express their interest in unallocated water releases or in accessing water through the market.

The creation and publication of this resource will support decisions about where to release unallocated water, as well as private decisions about where and how to access water entitlements for business planning.

5. Connect water users with water brokerage

Plan: Support Queensland water brokerage to assure best practice, allow users to easily find brokerage services and promote competition amongst brokers to reduce costs.

Compared to other jurisdictions, the water brokerage industry in Queensland is underdeveloped and constrained by lack of information. Consequently, Queensland has relatively few active brokers. In some Queensland areas, the match-making role of traditional brokers is undertaken by prominent local individuals, peak industry groups and chambers of commerce.

In addition, there is a perception among water users and representatives that private brokerage services are costly, which may be leading to a reluctance for them to consider trading (particularly temporary trading) which is a contributing factor to water going unused.

A lack of publicly available information in Queensland, such as historic temporary water trade prices and volumes makes it difficult for low-cost online brokerage services to establish in Queensland.

This initiative seeks to support the development of the brokerage industry in Queensland starting with publicising the services of active brokerage to allow buyers and sellers to find them more easily. Consideration may also be given to publicising the fees and commissions of brokers to introduce some business competition.

In future, it may be necessary to consider with all stakeholders, other approaches to both support the water brokerage industry and to support the integrity of the water market.