Guide to Water Trading in the Fitzroy system in Central Queensland

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What is the Fitzroy water system?

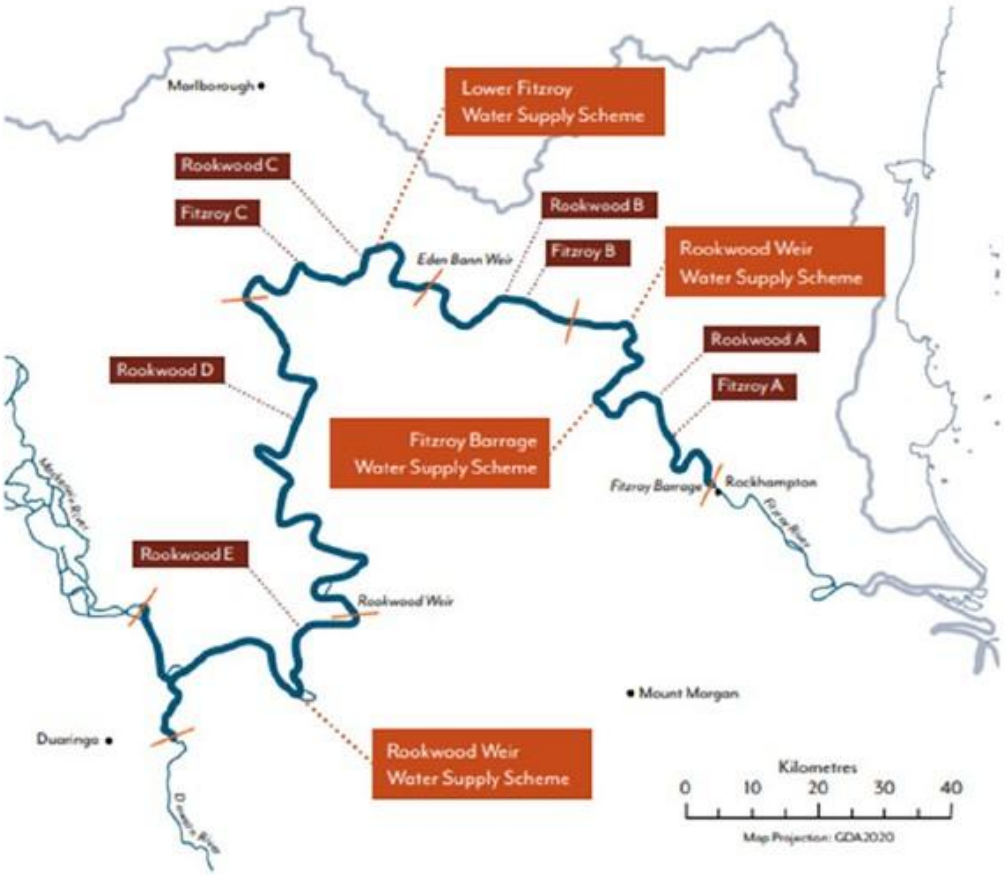
The Fitzroy water system is the water management area along the Fitzroy River in the lower part of the Fitzroy basin. It extends from the Fitzroy Barrage at Rockhampton upstream to the confluence of the Dawson and Mackenzie rivers, near Duaringa (Figure 1).

There are three weirs on the Fitzroy River that provide supplemented water supplies:

- Fitzroy Barrage – managed by Fitzroy River Water (owned by Rockhampton Regional Council)
- Eden Bann weir – managed by Sunwater
- Rookwood weir – managed by Sunwater

The Department of Local Government, Water and Volunteers acts as the water regulator and manages the allocation of unsupplemented water licenses.

Figure 1: The Fitzroy Water System



Source: Sunwater (2022).

How much water is available?

The supplemented water systems support a variety of uses including urban (Fitzroy Barrage and Rookwood), power generation at Stanwell (Eden Bann), and industry (Rookwood weir and Fitzroy Barrage). Significant amounts of water are available for agriculture.

In the lower Fitzroy there are four sources of water for agricultural use (Table 1):

- Unsupplemented water, including overland flows
- Supplemented water, from three instream weirs

Table 1. Summary of supplemented water allocations

Water supply scheme	Water allocation volume (ML)		Number of supplemented water allocations
	Total Available	Medium priority available for agriculture and other users (approximately)	
Rookwood Weir#	72,000	40,000	21
Lower Fitzroy (Eden Bann)	28,621	3,101	43
Fitzroy Barrage	62,093	11,630	298
Unsupplemented	49,508		

Source: Table 11, Minister's Performance Assessment Report (2018), Sunwater.
Sunwater are still to allocate all of the 40,000ML for agriculture from Rookwood Weir through tender mechanisms.

In total, there is approximately 54,700ML of supplemented and 49,500ML of unsupplemented water available for agriculture and other uses in the lower Fitzroy, excluding allocations for industrial and urban uses. This includes a large number of small allocations to landholders bordering the Fitzroy Barrage pond and along the pipeline to Stanwell.

Not all of the water in the system available for agriculture is used each year. Many allocations and licences are not fully taken up (underallocation) and Rookwood Weir has only come into operation in 2024.

What is the purpose of water markets?

The variation in the demands for water and the returns from different crops create opportunities for water trading. Water trading allows water to be allocated to highest value uses, and enables existing and new enterprises to change their operations.

What types of water trades are possible?

There are 3 water markets currently operating in Queensland:

- water allocation market – trading of registered water allocation titles
- seasonal water assignment market – seasonal assignment of water allocations and other entitlements
- relocatable water licence market – relocation of water licences from one parcel of land to another.

In addition to this, it is possible to enter into arrangements to lease water. This is discussed in more detail below.

How can I find out information about water markets?

Information about how water markets work in Queensland is available from the Business Queensland website at: https://www.business.qld.gov.au/industries/mining-energy-water/water/water-markets.

There are two major water trading platforms that provide regular information about water markets in Australia that include Queensland:

- Water Exchange https://www.waterexchange.com.au/
- Waterfind https://www.waterfind.com.au/

You can sign up on each of these platforms for regular updates on water sales across eastern Australia, including in Queensland basins. Sunwater regularly advertises available water allocations through the Water Exchange platform.

How can I find a broker or someone to advise me?

There is an active market of water agents in Australia, with a number of firms supplying services. Both **Water Exchange** and **Waterfind** are closely aligned with brokerage and market services.

At the Queensland level one company that provides water broking services is **RuralCo Water** (https://www.ruralcowater.com.au/), which is associated with the Water Exchange platform. RuralCo is the preferred independent water broker for Sunwater (https://www.sunwater.com.au/water-for-sale/water-trading/). You can search for national and Queensland representatives at https://www.ruralcowater.com.au/about-contact/. You can register for a regular newsletter on Queensland water markets from RuralCo at https://www.ruralcowater.com.au/new-newsletter-subscription/.

Another way to find a local water broker is to use the ***Find a Local Water Broker*** service on the Water Exchange site at https://www.waterexchange.com.au/, by entering your local postcode. There is a similar service on Waterfind at https://www.waterfind.com.au/contact/.

Where can I find information about water prices?

There are three main ways of finding information about current water prices:

(a) Visit the Business Qld website at https://www.business.qld.gov.au/industries/mining-energy-water/water/water-markets and click on *Market Information*. There are monthly reports on permanent water sales for Supplemented surface water, Supplemented groundwater, Unsupplemented surface water and Unsupplemented groundwater. Download a relevant monthly report and search for a summary of trades in the Water Plan (Fitzroy Basin) 2011 for trades in central Queensland. Note that there are only entries in schemes and water classes where trades have occurred.
(b) Visit the Waterfind, Water Exchange or RuralCo Water sites and newsletters to find out about recent sales.
(c) Talk to a water broker.

Where can I find information about water for sale or lease?

(a) Visit the Waterfind, Water Exchange or RuralCo Water sites and newsletters to find out about purchase or sale opportunities. Water availability is often listed in their regular newsletters or notices of market opportunities.
(b) Talk to a water broker.

You may also find it useful to see a map of water entitlements in your area through the Water Entitlement Viewer on the Business Queensland website (https://www.business.qld.gov.au/industries/mining-energy-water/water/maps-data/water-entitlement-viewer).

Can I trade in water leases?

Longer term water leases may be particularly relevant for water holders who don't need to use their full allocation for some years, as it allows them to earn a return on the asset while maintaining ownership.

Trade in permanent entitlement water leases is common in parts of Victoria, New South Wales and South Australia, but is not so widespread in Queensland. You can find examples of long term water lease parcels for sale at Waterfind on https://www.waterfind.com.au/products-services/long-term-leasing/long-term-lease-market/ and on the Water Exchange and RuralCo sites.

Templates for lease agreements are available from many water agents, including RuralCo Water.

Some water leases may require departmental approval, such as ones that involve transfers between zones.

It is possible to register a water lease agreement on the Water Allocations Register.

How are water trades registered?

Water parcels, like land, have distinct rules about transferring and registering ownership. In Queensland there is a Water Allocations Register where all titles are registered. all permanent water allocation dealings must be lodged and registered on the Water Allocation Register, using a *Titles Registry Form* (https://www.business.qld.gov.au/industries/mining-energy-water/water/water-markets/register).

For the Water Allocation Register, each water parcel is described in terms of:

- a lot on plan number, which is used as the water allocation number (e.g. Lot 777)
- the administrative or Crown Plan (AP) number assigned to each water plan (e.g. AP6688)
- its unique title reference (e.g. 46008989).

How is the system regulated?

Water resources in the Fitzroy Basin are allocated through the *Water Plan (Fitzroy Basin) 2011*, which sets the legislative framework to allocate available water resources while maintaining environmental conditions. Details on the plan area are available from Business Queensland at https://www.business.qld.gov.au/industries/mining-energy-water/water/catchments-planning/water-plan-areas/fitzroy-basin.

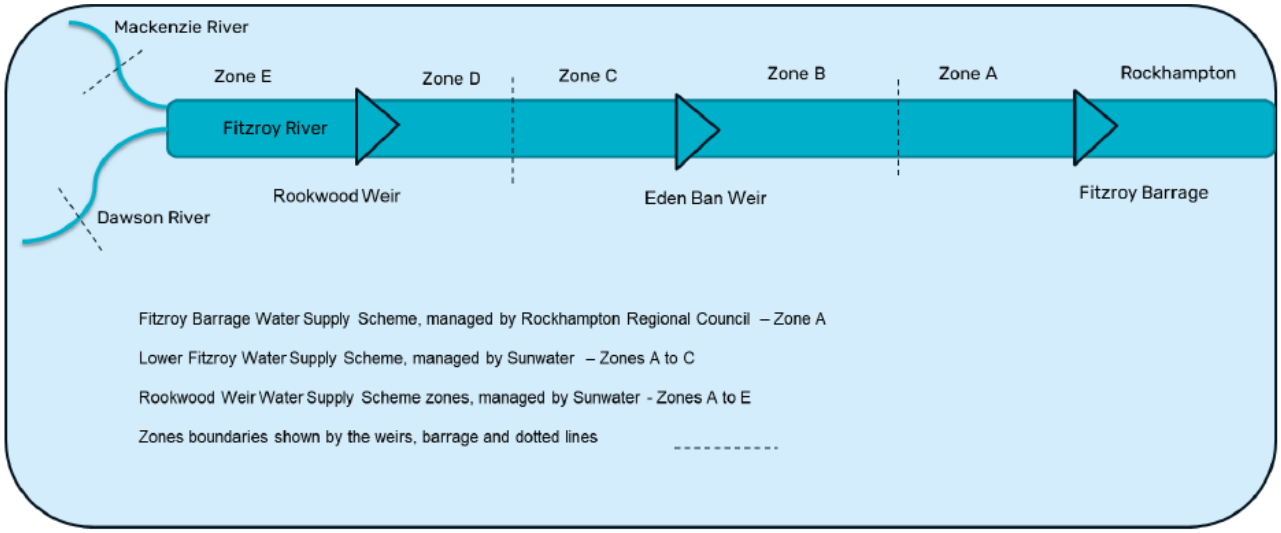
Figure 2: The Fitzroy Basin Water Plan area



Source: https://www.business.qld.gov.au/industries/mining-energy-water/water/catchments-planning/water-plan-areas/fitzroy-basin

Rules for management of the Fitzroy system are detailed in the *Fitzroy Basin Water Management Protocol* (https://www.rdmw.qld.gov.au/__data/assets/pdf_file/0005/1727294/fitzroy-wmp.pdf). Within the Protocol, the Fitzroy Water Management Area covers the lower Fitzroy system. The Protocol establishes that there are five zones in the Fitzroy Water Management Area (zones Fitzroy A to Fitzroy E), and that water allocations released downstream of Rookwood Weir (Zone E) into zones D to A will have a 10% deduction from the volume of water released.

Figure 3: Zones in the Fitzroy system



Source: Sunwater (2022).

The *Resource Operations Licence* for the Rookwood Weir establishes the rules for the operation of Rookwood weir so as to maintain the allocations of prior water holders (https://www.sunwater.com.au/wp-content/uploads/Home/Schemes/Rookwood_Weir_ROL.pdf). This means that the capture of water in Rookwood has to happen after downstream entitlements are met.

Sunwater has established the *Lower Fitzroy Water Supply Scheme Operations Manual*[1] to meet its resource operations licence requirements. This provides the rules about releases between the systems. Additional details about the scheme is available at: https://www.sunwater.com.au/schemes/rookwood-weir/

Are there restrictions on where water can be traded?

Most river systems have restrictions on where water can be traded to satisfy different hydrology and environmental constraints.

For water trading the most relevant rules are those outlined in the *Fitzroy Basin Water Management Protocol* released by DRDMW (2023). Under the rules water trading is permitted between Fitzroy zones A, B and C for the Lower Fitzroy Water Supply Scheme (Eden Bann) and between Fitzroy zones A, B, C, D and E for the Rookwood Weir Water Supply Scheme (Figure 2). By implication, water from the Fitzroy Barrage Water Supply Scheme can only be traded within Fitzroy zone A.

The Water Management Protocol (DRDMW 2023) also sets out the rules for nominal allocations for Rookwood Weir water to be adjusted if water is transferred downstream of zone E (a 10% reduction is applied) or upstream to zone E (the 10% reduction is reversed). Conversions of water from medium security to high security are allowed for all schemes (subject to zone caps) at the rate of 1.5:1 and vice versa.

[1] See https://www.sunwater.com.au/wp-content/uploads/Home/Schemes/Lower-Fitzroy/Lower_Fitzroy_Water_Supply_Scheme_Operations_Manual_October_2023.pdf

Caps are set for water holding by zone (Figure 4).

Figure 4: Caps on water holdings by zone in the lower Fitzroy River system.

Table 4 – Limits of total nominal volume (ML) for high priority water allocations in a zone

Water supply scheme	Nominal volume	Zone				
		Fitzroy A & Rookwood A	Fitzroy B & Rookwood B	Fitzroy C & Rookwood C	Rookwood D	Rookwood E
Lower Fitzroy	Maximum	25 800	0	5	—	
	Minimum	25 200	0	0	—	
Fitzroy Barrage	Maximum	51 200	—	—	—	
	Minimum	48 800	—	—	—	
Rookwood Weir	Maximum	22 100	0	0	450	1000
	Minimum	20 850	0	0	0	0

Table 4A – Limits of total nominal volume (ML) for medium priority water allocations in a zone

Water supply scheme	Nominal volume	Zone				
		Rookwood A	Rookwood B	Rookwood C	Rookwood D	Rookwood E
Rookwood Weir	Maximum	21 560	12 000	12 000	17 500	28 550
	Minimum	7560	0	0	0	15 000

Source: DRDMW (2023) p.15, Tables 4 and 4A.

The current location of water allocations within each zone is available on the Business Queensland website, noting that this is currently only available for the Lower Fitzroy and Fitzroy Barrage systems (https://www.business.qld.gov.au/industries/mining-energy-water/water/water-markets/current-locations)

Other notable aspects of the rules set out for the lower Fitzroy system are:

- trading outside of the system is prohibited (i.e. into the upstream Dawson or the Nogoa-Mackenzie systems),
- it is possible to change the purpose of having a water allocation between ‘agriculture’ and ‘any’.

This essentially separates the water market in the lower Fitzroy system from the rest of the river basin, but allows water to be traded between different uses such as agriculture, urban and industrial.

Why do holders of Rookwood water allocations have to meet a Land Management Code of Practice?

There is an administrative obligation on Rookwood water purchasers of the Land Management Code of Practice because of strict environmental conditions set by the Australian Government (Sunwater 2024). The Code applies to each purchaser of the water from Rookwood Weir who proposes to use water for irrigated agriculture, including both new and existing irrigators. It applies any irrigator who uses water from Rookwood weir, irrespective of whether they have allocations from other sources.

There is no such requirement for irrigators who only hold water from the Fitzroy Barrage or Eden Bann Weir. The Code does not apply to existing water users in the Lower Fitzroy if they are not purchasing additional water, or to farming operations that are not classed as 'irrigated agriculture' for example cattle grazing or feedlots.

Details of the requirements can be found at: https://www.sunwater.com.au/wp-content/uploads/Home/Projects/Rookwood/Land_Management_Code_of_Practice.pdf. Sunwater has been helping irrigators purchasing water from the Rookwood Weir to establish their plans so that the water can be used.

References

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