Rural irrigation price review 2025–29: final report
Eton water supply scheme

February 2025

We were directed by the former treasurer of Queensland to recommend irrigation prices to apply from 1 July 2025 to 30 June 2029. This includes prices for irrigation customers in the Eton water supply scheme (WSS).

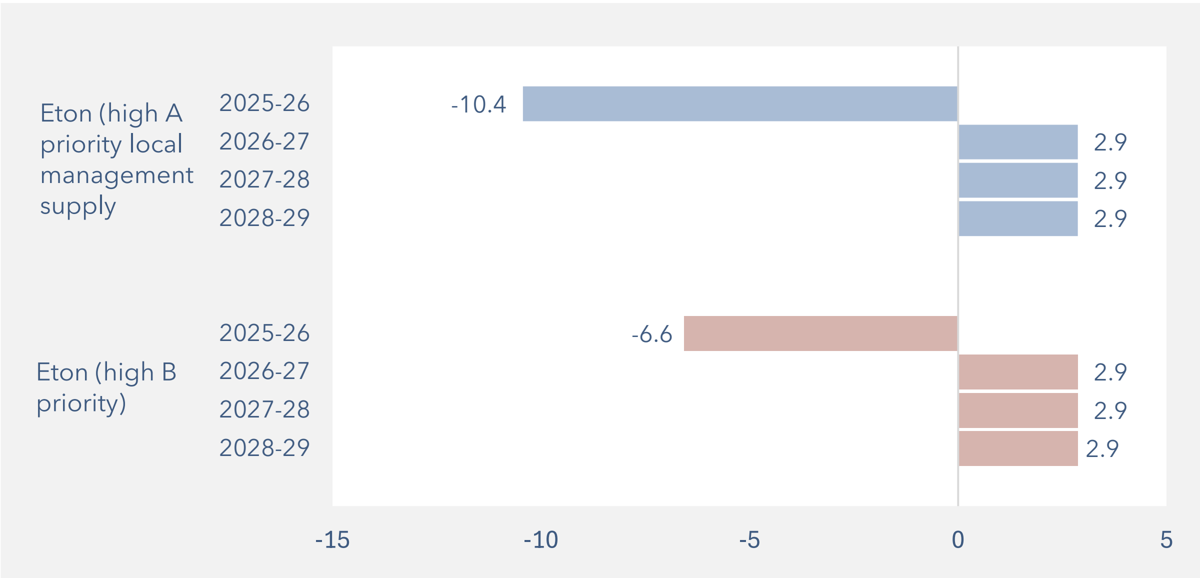
After extensive consultation with stakeholders, we have completed our review and published a final report for Sunwater's schemes on our website.[1]

Price recommendations

We applied the pricing principles in the referral notice to reach our price recommendations.[2] The pricing principles constrain the increases required each year to reach the relevant price target. The price target reflects a scheme's prudent and efficient costs but excludes allowances for capital expenditure (capex) incurred before 1 July 2000 and capex on dam safety upgrades.

Based on our price recommendations, we estimated the average change in irrigation prices for each year of the price path period from 2025–26 to 2028–29 (Figure 1). Price changes for individual customers would vary if their water usage differs from the assumed scheme usage.

Figure 1: Annual changes in irrigation prices, from 2025–26 to 2028–29 (% change)



Note: The analysis is based on the total price per megalitre of the water access entitlement (WAE) for each tariff group, which is derived as the total fixed price plus the total volumetric price multiplied by the assumed scheme usage as a percentage of the WAE (34.9% of WAE for these tariff groups).

[1] A separate final report covers Seqwater's schemes.
[2] The referral notice is available on our website.

In addition to the tariff groups in Figure 1, we accepted Sunwater's proposal to establish a new 'Eton risk priority' tariff group with a fully volumetric price derived as the sum of the fixed (Part A) and volumetric (Part B) price targets (see Chapter 10 of our final report). This tariff group increases by our estimate of inflation (2.87%) each year.

More information about price impacts is provided in Chapter 11 of the final report.

In Figures 2 to 4, we compare the recommended prices with:

- the prevailing 2024–25 prices (before the 15% discount that Sunwater was directed to apply to irrigation prices)
- the price targets for each year of the price path period.

Figure 2: Recommended prices – Eton (high A priority local management area) ($/ML)

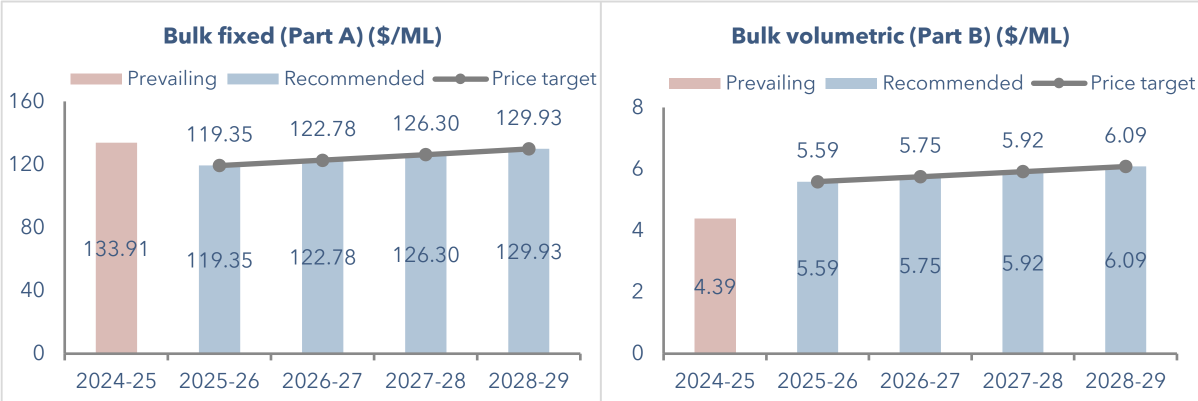


Figure 3: Recommended prices – Eton (high B priority) ($/ML)

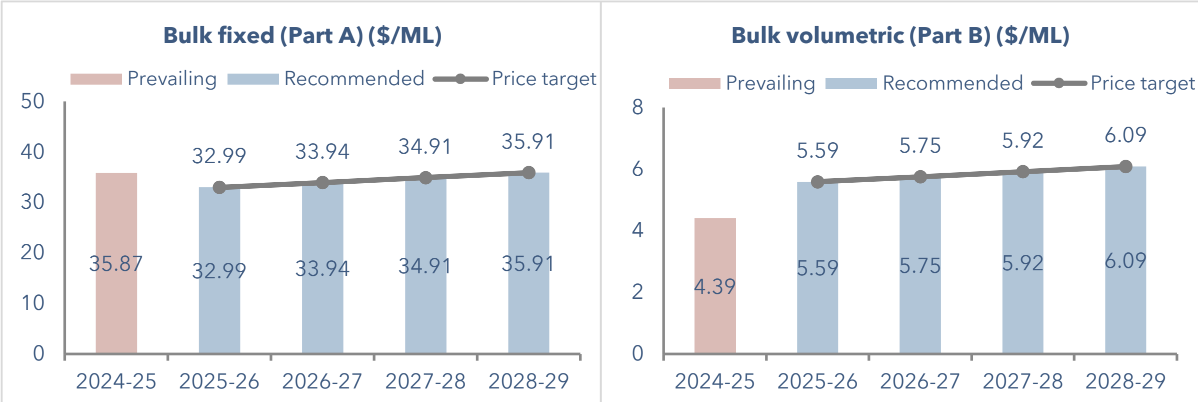
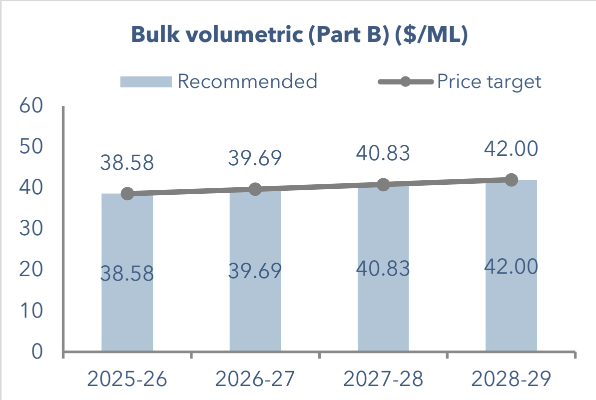


Figure 4: Recommended prices – Eton risk priority ($/ML)



Note: There was no government determined price in 2024–25 for this tariff group.

For all tariff groups, the recommended prices cover allowable costs over each year of the price path period.

Assessment of Sunwater's proposed costs

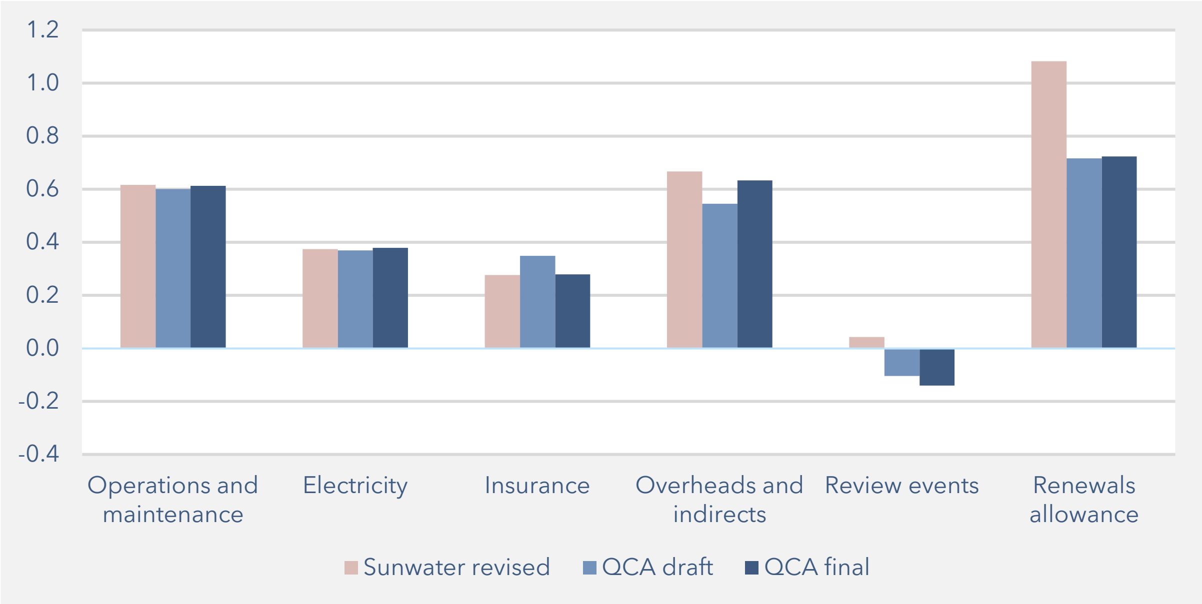
Our position is that total allowable costs[3] for Sunwater over the price path period should be set at $424.9 million, which is $40.8 million (or 8.8%) lower than Sunwater's total revised (annuity-based) allowable costs.[4] Our position is largely unchanged from our draft report, with the key changes being due to updated estimates provided by Sunwater for electricity, insurance and renewals expenditure. Other changes include allowing for increased labour costs and local overheads relative to our draft report.

For the Eton WSS, we reduced Sunwater's revised costs by 18.7% over the price path period (Figure 5).

[3] Includes costs allocated to irrigation and non-irrigation customers in regulated schemes.

[4] Revised costs include updates provided by Sunwater for insurance, electricity and review event adjustments, as well as actual 2023–24 renewals expenditure, a revised proposal for its customer and stakeholder project (CASPr) and an addendum for dam safety management costs, since its November 2023 proposal.

Figure 5: QCA position – total costs over the price path period, Eton WSS ($ million)



Notes: 1. The 2020 review allowance has been adjusted for the difference between forecast and actual inflation. 2. Revenue offsets are not included in these figures. 3. Overhead and indirect costs include QCA fees.

More information about our assessment of Sunwater's proposed operating expenditure and renewals expenditure is provided in Chapters 4 and 5 of our final report.

Approach to recovering renewals expenditure

We assessed Sunwater's proposed regulatory asset base (RAB) approach for recovering renewals expenditure against the existing renewals annuity approach.

While we support an appropriately designed RAB approach, we are not satisfied that Sunwater's approach is sufficiently robust and well developed to support moving to a RAB approach at this time. We therefore reached our price recommendations using a renewals annuity approach.

See Chapter 7 of our final report for further information.

Next step

Our final report and price recommendations have been provided to the government. The government will consider our recommendations before determining irrigation prices to apply from 1 July 2025.