

Rural irrigation price review 2025-29: final report

Central Lockyer Valley 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 Central Lockyer Valley water supply scheme (WSS) and Morton Vale Pipeline distribution system.

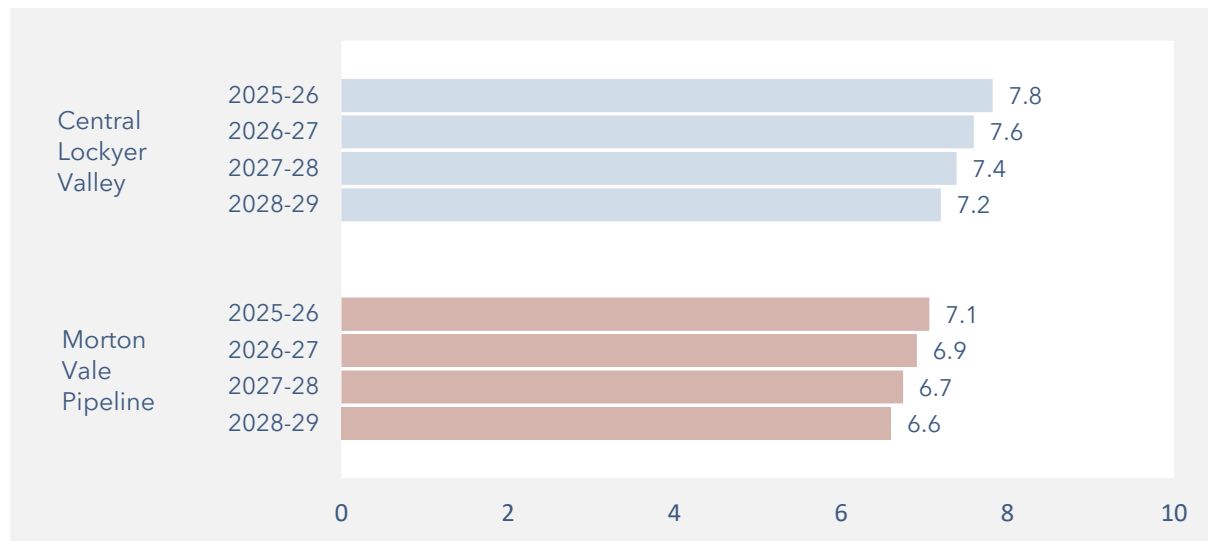
After extensive consultation with stakeholders, we have completed our review and published a final report for Seqwater’s schemes on our [website](#).¹

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 this 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 (33.1% of WAE for the Central Lockyer Valley tariff group and 12.8% of WAE for the Morton Vale Pipeline tariff group).

¹ A separate final report covers Sunwater’s schemes.

² The referral notice is available on our [website](#).

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

In Figures 2 and 3, we compare the recommended prices with:

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

Figure 2: Recommended prices – Central Lockyer Valley (\$/ML)

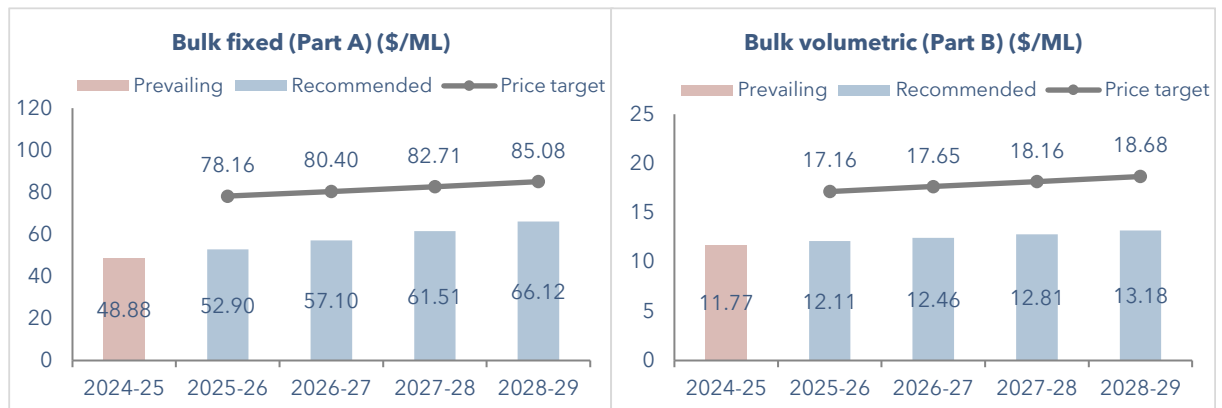
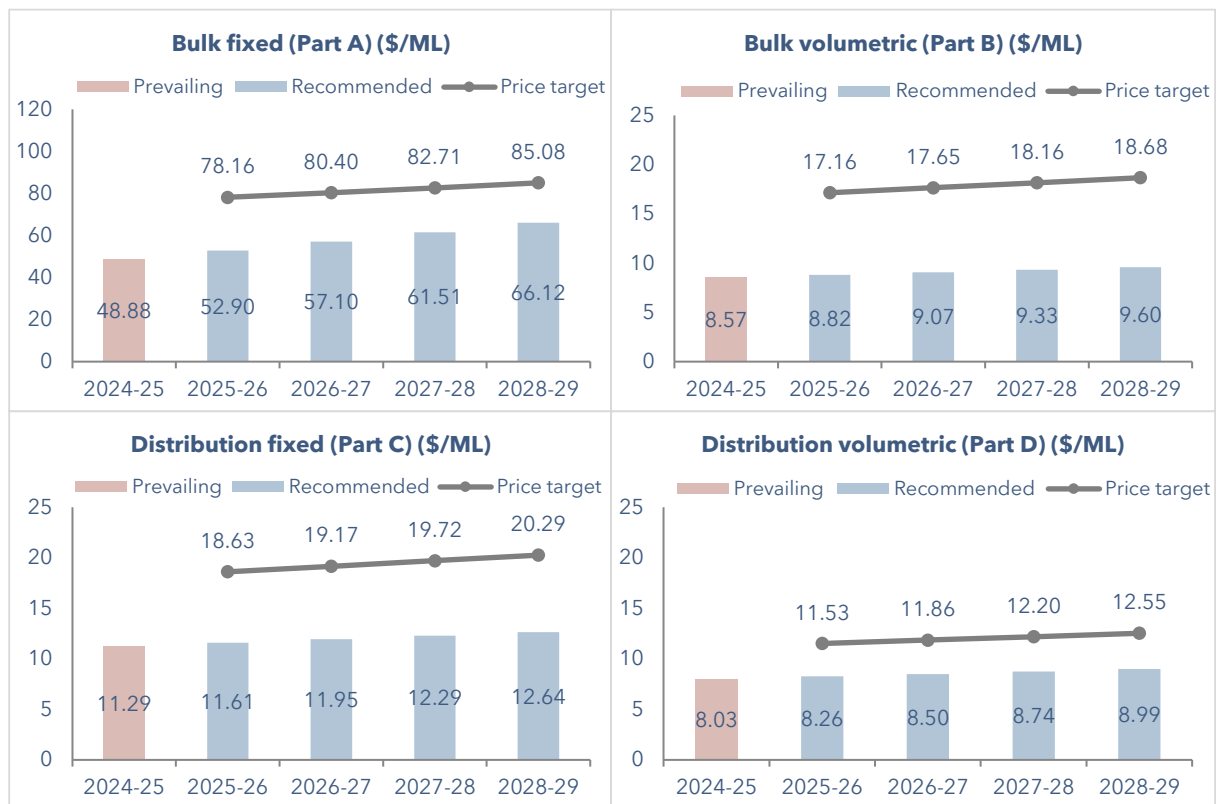


Figure 3: Recommended prices – Morton Vale Pipeline (\$/ML)



For these tariff groups, the recommended prices will not cover allowable costs by the end of the price path period. Recovery of allowable costs for the:

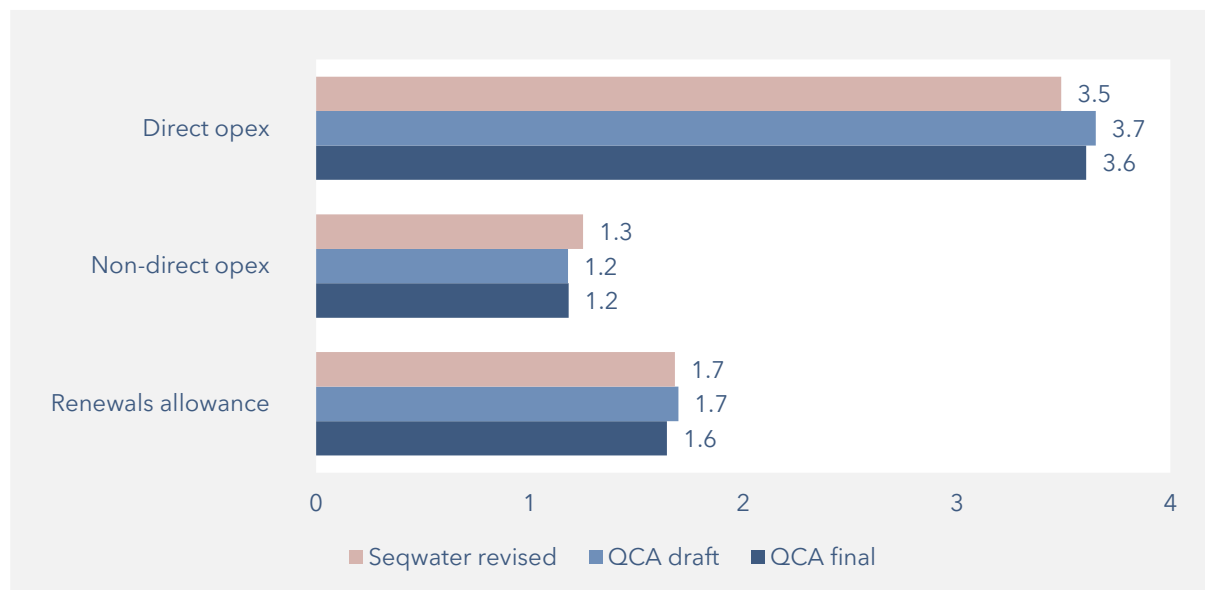
- Central Lockyer Valley tariff group will increase from 68% in 2025-26 to 77% in 2028-29
- Morton Vale Pipeline tariff group will increase from 66% in 2025-26 to 74% in 2028-29.

Assessment of Seqwater’s proposed costs

Our position is that total allowable costs³ for Seqwater over the price path period should be set at \$38.0 million, which is \$0.1 million (or 0.4%) higher than Seqwater’s total revised allowable costs.⁴

For the Central Lockyer Valley WSS, we increased Seqwater’s revised costs by 0.2% over the price path period (Figure 4). This increase is due to the change in recovery approach for the electricity costs review event associated with pumping water to and from the Lake Clarendon off-stream storage site. We are required to recover review event costs as an adjustment to the opex allowance rather than over 30 years through the renewals annuity.

Figure 4: QCA position – total costs over the price path period, Central Lockyer Valley WSS (\$ million)



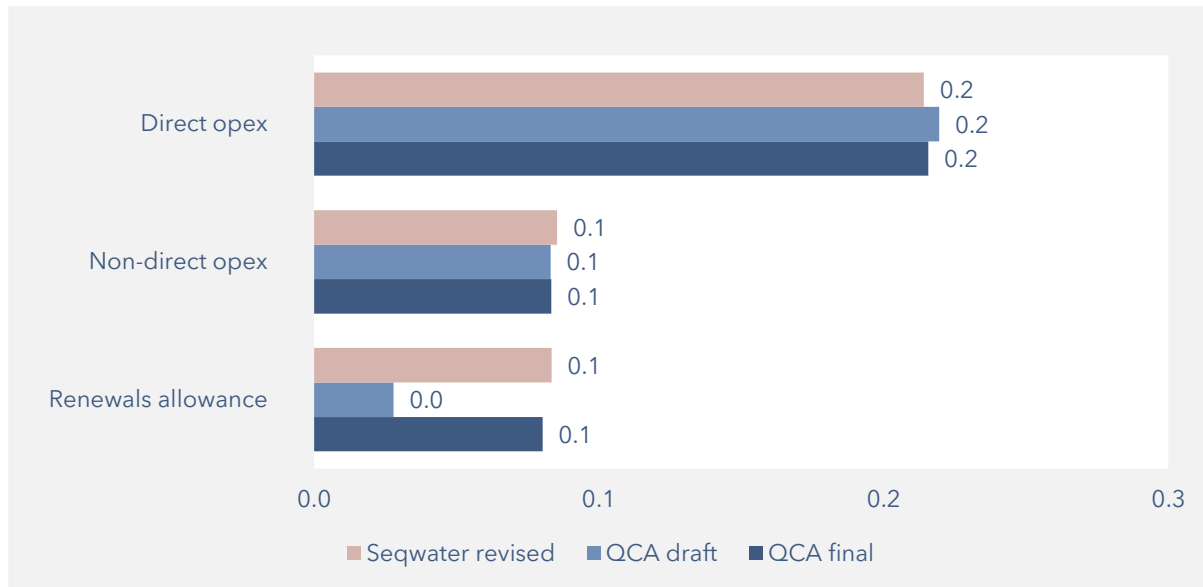
Notes: 1. Revenue offsets are not included in these figures. 2. Non-direct opex includes QCA fees.

For the Morton Vale Pipeline distribution system, we reduced Seqwater’s revised costs by 1.0% over the price path period (Figure 5). We have accepted Seqwater’s revised future metering costs for Morton Vale Pipeline which has increased the renewals allowance in this distribution system compared to our draft report.

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

⁴ Revised costs include updates provided by Seqwater for insurance costs, actual 2023-24 non-metering renewals expenditure and forecast metering renewals expenditure, since its November 2023 proposal.

Figure 5: QCA position – total costs over the price path period, Morton Vale Pipeline distribution system (\$ million)



Notes: 1. Revenue offsets are not included in these figures. 2. Non-direct opex includes QCA fees.

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

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.