Queensland Competition Authority

Review of RAB-based irrigation prices 2027–29
Pittsworth workshop – summary of issues raised

July 2026

This note records issues identified and views expressed by stakeholders present at the QCA's workshop on the draft report for Sunwater's schemes. The QCA is yet to form any opinion on these issues and views. As appropriate, issues will be addressed in the QCA's final report.

Schemes: Upper Condamine

Date of workshop: 13 July 2026

Topic	Issues raised
Rate of return	• A stakeholder expressed concern with applying a return on capital under the RAB approach. • The stakeholder asked whether the weighted average cost of capital (WACC) is used in calculating the renewals annuity.
Investment incentives	• A stakeholder said that a downside of the RAB approach is that the return on capital could encourage growth in the capital base, similar to what they considered has occurred in the energy sector.
Intergenerational equity	• A stakeholder agreed that, in principle, the RAB approach could better align cost recovery with the timing and service lives of renewed assets. • However, as long-term prices under the RAB and renewals annuity approaches appear broadly aligned for the Upper Condamine scheme, this stakeholder considered the annuity approach might be preferable since the forecast long-term closing annuity balance is lower than the forecast closing RAB balance.
Transparency	• A stakeholder considered that the annuity approach has provided limited visibility of long-term renewals requirements in practice, and that inadequate engagement by Sunwater has made it difficult to understand and scrutinise proposed renewals expenditure. • This stakeholder considered Sunwater's forecast performance under the annuity approach has been inadequate and asked about the reasons for this and how it could be improved. • The stakeholder also considered it unclear why the Upper Condamine scheme had accumulated a negative annuity balance despite customers having historically paid above cost-reflective prices.