

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

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

**Schemes:** Multiple schemes

**Date of workshop:** 26 March 2026

Topic	Issues raised
Example calculation of renewals allowance	<ul style="list-style-type: none"> <li>Some stakeholders questioned whether the annuity example presented was an accurate representation of how an annuity operates. They said that the \$500 renewals expenditure would have been funded over the preceding 30-year period, which would result in different annuity balances and annuity interest outcomes than those shown in the example.</li> </ul>
Historical analysis	<ul style="list-style-type: none"> <li>Some stakeholders said it would be useful to see an analysis of how RAB-based capital allowance and balances would have evolved over the past 10-15 years, using actual data from example schemes with differing annuity balances.</li> </ul>
Other jurisdictions	<ul style="list-style-type: none"> <li>Some stakeholders expressed interest in understanding the experiences of other jurisdictions that have transitioned from the renewals annuity to a RAB approach.</li> </ul>
Allowable costs	<ul style="list-style-type: none"> <li>A stakeholder indicated that they would like to understand which renewals cost recovery approach results in outcomes closest to lower bound costs.</li> </ul>
Tax allowance	<ul style="list-style-type: none"> <li>A stakeholder commented that under an annuity approach, there should be no tax.</li> </ul>
Relative merits of the approaches	<ul style="list-style-type: none"> <li>A stakeholder said that this represents the biggest change in generations. They stressed the importance of ensuring that all stakeholders fully understand the change and that the modelling accurately represents the facts.</li> </ul>
Forecast uncertainty risk	<ul style="list-style-type: none"> <li>Some stakeholders indicated they were willing to bear forecast uncertainty risk associated with long-term renewals, as they consider that the annuity sinking fund ensures they contribute their fair share to asset renewals.</li> </ul>
Expenditure categorisation	<ul style="list-style-type: none"> <li>A stakeholder was concerned that Sunwater's renewals expenditure classified as opex was understated. They considered that there was an incentive to classify more costs as capex, as these costs then attract a return on capital.</li> </ul>