

Lockyer Water Users Forum Inc.
P.O. Box 77
Gatton
Qld 4345

Queensland Competition Authority
GPO Box 2257
Brisbane
Qld 4001

13th April 2026

Attention: Darren Page - Project Manager

RE: Review of RAB Based Pricing - Central and Lower Lockyer Irrigators Submission

Thank-you for conducting the QCA Workshop in Gatton on 23rd March 2026 for our Central and Lower Lockyer Irrigators on the SEQW schemes of Atkinson Dam, Lake Clarendon, Mortonvale Pipeline, and Lake Dwyer.

The Irrigators position is we do not support or wish to transition to a Regulatory Asset Base irrigation pricing framework from the 1st July 2027. We wish to remain as we are under a Renewals Annuity irrigation pricing methodology.

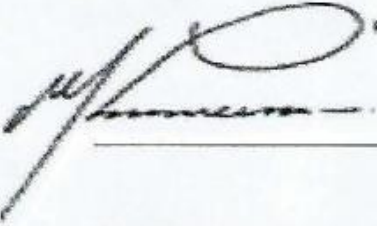
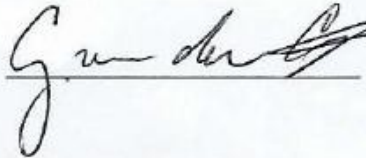

Furthermore we make the following specific comments on information that was tabled by both SEQW and the QCA at the individual Irrigator workshops:

- We disagree with the accounting definitions between Capital expenditure and Operational expenditure as offered by the QCA and SEQW. The definitions should be consistent Australian Accounting Standards and the Australia Taxation Office.
- We take exception as presented, that the RAB model reduces irrigation pricing in the short term. The price reduction is in fact funded from the return of the Renewals Annuity balances which were made by irrigators in the first palace. These balances were there to fund the cost of future scheme works under the Renewals Annuity for each scheme.
- We view a RAB pricing model as moving irrigation pricing from Lower Bound pricing to Upper Bound pricing by stealth. It does not matter how you dice it, irrigation water pricing is more expensive over time and accelerates under a RAB.
- We wish to refer to and reference the Independent Review of Rural Water Pricing Frameworks by Highlander Consulting which was Commissioned by the Queensland Farmers Federation. This report directly compares the regulated asset base and renewals annuity approaches for irrigation pricing. This analysis uses actual SEQW data. I refer to:
 - Central Lockyer (Seqwater) graphs pages 37, 38, 39 (2013 to 2061)
 - Lower Lockyer (Seqwater) graphs pages 40, 41, 41 (2013 to 2061)
- We reference page 43 (table 8) which details the annual capital cost recovery in the water year 2062. This is a direct comparison of the Renewals Annuity verses a RAB pricing framework.
 - The RAB is 200% more than a Renewals Annuity for Central Lockyer
 - The RAB is 230% more than a Renewals Annuity for Lower Lockyer

Highlander Consulting (executive summary, page 10) found, "by FY2062, the RAB model's annual capital allowance is two to almost six times higher than renewals capital allowances. Prices under RAB are initially lower but exceed prices under a renewals approach in all schemes in later years. By FY2062, RAB prices are 13 – 40% higher than renewals annuity prices".

"While present value comparisons of the two approaches – using a WACC discount rate – appear similar, this reflects differences in the timing of cashflows rather than equivalence of outcomes. The key differences forecast to be experienced by customers include:

- Long-term affordability: RAB results in higher total costs and prices in the modelled scenarios
- Intergenerational equity: RAB transfers significantly higher costs to future customers
- Investment incentives: RAB creates incentives for service providers to increase capital expenditure
- Price stability: A rolling renewals annuity smooth costs, whereas RAB introduces step changes
- Transparency: Renewals require 30-year forecasts, whereas RAB relies on near-term expenditure".

		
Paul Emmerson Chairman Lockyer Water Users Forum	Gordon Van der Est CEO/Secretary Lockyer Water Users Forum	Greg Banff Treasurer Lockyer Water Users Forum