



21 RECOMMENDATIONS

It is recommended that the Queensland Government endorses the DBC and notes:

- Nullinga Dam is not financially nor economically viable under any scenario, with BCRs of approximately 0.1 and negative FNPVs ranging from -\$394.9m to -\$531.3m (or worse) for each of the investigated options.
- The nominal costs¹³⁶ of the proposed Nullinga Dam options, based on a Class 3 cost estimate¹³⁷ and corresponding level of design documentation, include:
 - capital expenditure, including implementation and risk costs, of between \$1,027.9m to \$1,551.1m
 - O&M costs of between \$96.1m to \$250.2m.
- Any full cost recovery pricing model, which would align with current Queensland and Commonwealth Government water pricing policies, are commercially unviable, with a full cost recovery charging approach resulting in:
 - \$15,900 per ML for MP (and MP equivalent) water allocations (or higher)
 - an upfront payment of between 4 and 9 times higher than customers willingness and capacity to pay for the majority of the known crop types
 - no demand and no revenue.
- At prices current customers are willing and able to pay (\$2,000 per ML for MP and \$3,000 per ML for HP), potential nominal revenues¹³⁸ associated with the Nullinga Dam options include:
 - upfront water sales of \$272.7m to \$357.1m
 - ongoing fee revenue of \$88.9m to \$231.0m.

Should any of the considered Nullinga Dam options be progressed to detailed planning and delivery phase, the following risks have been identified, each having the potential to adversely impact the cost estimate and delivery schedule:

- commercially binding agreements are required to be entered into with future customers
- existing water plan does not make allowance for a Nullinga Dam and consideration would need to be given to amending the plan if Nullinga Dam were to proceed to construction
- limited environmental studies completed to date
- an EIS is required including mandatory cultural heritage and native title investigation and management activities
- engineering and design documentation to be further developed.

Based on the timeframe to deliver an EIS and other approval processes, detailed design, dam construction and the likely period to for the dam to fill post-construction, the implementation of any of the Reference Projects, should any be progressed, would likely not result in water sales occurring until 2035 onwards.

¹³⁶ For the evaluation period between 2019-20 to 2060-61

¹³⁷ AACE Cost Estimate Classification System (2016). Class 3 estimate has a cost accuracy of between -20% to +30%.

¹³⁸ For the evaluation period between 2019-20 to 2060-61