

# WAMC prices for Border groundwater

## 9 September 2021

### Your total prices will decrease from 1 October 2021

We have reviewed the Water Administration Ministerial Corporation's (WAMC) efficient costs and prices. As presented in Table 1 and Table 2, total prices will decrease from 1 October 2021.

For this water source, the WAMC water management prices, and the prices to recover the costs of the Murray-Darling Basin Authority (MDBA) and the Dumaresq-Barwon Border Rivers Commission (BRC) are all set at full cost recovery. This means that prices will remain constant in real terms over the 2021 determination period (1 Oct 2021 to 30 June 2025). The total prices are decreasing by 4.8% (before inflation) from 2020-21 to 2024-25.

### Schedule of prices from 1 October 2021

Table 1: Prices for 2-part tariffs (\$/ML, \$2021-22)

	2020-21	2021-22	2022-23	2023-24	2024-25	% change from 2020-21 to 2024-25
<b>Entitlement price</b>						
Water management		3.73	3.73	3.73	3.73	NA
MDBA		0.19	0.19	0.19	0.19	NA
BRC		0.30	0.30	0.30	0.30	NA
<b>Combined</b>	<b>3.86</b>	<b>4.22</b>	<b>4.22</b>	<b>4.22</b>	<b>4.22</b>	<b>9.3%</b>
<b>Water take price</b>						
Water management		2.24	2.24	2.24	2.24	NA
MDBA		0.07	0.07	0.07	0.07	NA
BRC		0.13	0.13	0.13	0.13	NA
<b>Combined</b>	<b>3.13</b>	<b>2.44</b>	<b>2.44</b>	<b>2.44</b>	<b>2.44</b>	<b>-22.1%</b>
<b>Total price</b>	<b>6.99</b>	<b>6.66</b>	<b>6.66</b>	<b>6.66</b>	<b>6.66</b>	<b>-4.8%</b>

Note: The percentage change includes the impact of inflation from 2020-21 to 2021-22 of 1.1%.

Source: IPART analysis.

Table 2: Prices for 1-part tariffs (\$/ML, \$2021-22)

	2020-21	2021-22	2022-23	2023-24	2024-25	% change from 2020-21 to 2024-25
<b>Entitlement price</b>						
Water management		5.97	5.97	5.97	5.97	NA
MDBA		0.26	0.26	0.26	0.26	NA
BRC		0.43	0.43	0.43	0.43	NA
<b>Total combined</b>	<b>6.99</b>	<b>6.66</b>	<b>6.66</b>	<b>6.66</b>	<b>6.66</b>	<b>-4.8%</b>

Note: The percentage change includes the impact of inflation from 2020-21 to 2021-22 of 1.1%.

Source: IPART analysis.

## Key drivers of prices changes

The Border groundwater water source is a subset of the Inland groundwater water source and is introduced for the first time in this price review. Water users in this water source will pay WAMC water management prices, MDBA prices and BRC prices. In the 2016 price review, the BRC costs were allocated to the Inland groundwater source. In this review, we have allocated BRC costs to water users in Border only because this is more cost reflective as the Border region is where the BRC costs are incurred. Even with the reallocation of BRC costs to Border groundwater, total prices in the Border groundwater will still be lower by 4.8% from 1 October 2021. This is driven by the increase in entitlement and water take volume forecasts compared with volumes used in the 2016 price review.

Entitlement prices and water take prices are moving in different directions.

- Firstly, we have structured prices so that 70% of the revenue recovered from 2-part tariffs is recovered from the 2-part tariff entitlement price, and the remaining 30% from the water take price based on volume forecasts.
- While both 2-part tariff entitlements and water take volume forecasts are higher than in the past, water take forecasts have increased at a greater rate.
- Because of how we have structured prices and the rate of increases between entitlement and water take volumes, water take prices are decreasing by 22% from 2020-21 to 2024-25, while entitlement prices are increasing by a smaller percentage of 9%.

## Minimum annual charge set at \$221.50 per licence

We have set the minimum annual charge (MAC) at \$221.50 per licence in 2021-22. The MAC recovers most of WAMC's costs associated with account management services (i.e. compliance management, customer management and billing management). The MAC will increase by 2.5% per year (before inflation) over the 2021 determination period.

Water users paying the MAC will also be required to pay MDBA and BRC prices. This is to improve the sharing of MDBA and BRC costs between all water users.