

WAMC prices for Inland 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) 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 10.9% (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
Entitlement price						
Water management		3.73	3.73	3.73	3.73	NA
MDBA		0.19	0.19	0.19	0.19	NA
BRC		NA	NA	NA	NA	NA
Combined	3.86	3.92	3.92	3.92	3.92	1.5%
Water take price						
Water management		2.24	2.24	2.24	2.24	NA
MDBA		0.07	0.07	0.07	0.07	NA
BRC		NA	NA	NA	NA	NA
Combined	3.13	2.31	2.31	2.31	2.31	-26.3%
Total price	6.99	6.23	6.23	6.23	6.23	-10.9%

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
Entitlement price						
Water management		5.97	5.97	5.97	5.97	NA
MDBA		0.26	0.26	0.26	0.26	NA
BRC		NA	NA	NA	NA	NA
Total price	6.99	6.23	6.23	6.23	6.23	-10.9%

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

Total prices will be lower by 10.9% from 1 October 2021 driven by:

- The significant increase in entitlement and water take volume forecasts compared with volumes used in the 2016 price review.
- Total costs allocated to this water source have not changed significantly when compared with the 2016 price review.

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

- Firstly, we have structured prices so that 70% of 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 26% from 2020-21 to 2024-25, while entitlement prices are increasing by a small percentage of 1.5%.

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.

For small water users that are paying the MAC, they will be required to pay MDBA prices. This is to improve the sharing of MDBA costs between all water users.