

# WAMC prices for North Coast unregulated rivers

9 September 2021

## Your total prices will increase 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 increase from 1 October 2021.

For this water source, the WAMC water management prices are transitioning towards full cost recovery. Price increases will be capped at 2.5% per year (before inflation) to mitigate bill impacts for water users. The total prices are increasing by 11.6% (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		4.39	4.50	4.62	4.73	NA
MDBA		NA	NA	NA	NA	NA
BRC		NA	NA	NA	NA	NA
<b>Combined</b>	<b>4.59</b>	<b>4.39</b>	<b>4.50</b>	<b>4.62</b>	<b>4.73</b>	<b>3.1%</b>
<b>Water take price</b>						
Water management		5.47	5.61	5.75	5.89	NA
MDBA		NA	NA	NA	NA	NA
BRC		NA	NA	NA	NA	NA
<b>Combined</b>	<b>4.93</b>	<b>5.47</b>	<b>5.61</b>	<b>5.75</b>	<b>5.89</b>	<b>19.5%</b>
<b>Total price</b>	<b>9.52</b>	<b>9.86</b>	<b>10.11</b>	<b>10.37</b>	<b>10.62</b>	<b>11.6%</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		9.86	10.11	10.37	10.62	NA
MDBA		NA	NA	NA	NA	NA
BRC		NA	NA	NA	NA	NA
<b>Total price</b>	<b>9.52</b>	<b>9.86</b>	<b>10.11</b>	<b>10.37</b>	<b>10.62</b>	<b>11.6%</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

Total costs allocated to this water source have increased by 26% (or around \$2.6 million) since the 2016 price review, which are driven by

- Higher operating costs. This is up by \$1.2 million or 12%. Costs have increased in the areas of customer management, compliance management and water plan development.
- Higher capital costs. During the 2016-2021 period, WAMC's actual capital expenditure was much higher than allowed in the 2016 price review. A large proportion of the additional capital expenditure was on corporate systems. Over the 2021 determination period, we have allowed further capital expenditure on corporate systems to deliver required functions. The additional historical and future investments result in higher return on assets and regulatory depreciation, and therefore an increase in the costs allocated to this water source.

For 2-part tariffs, entitlement prices and water take prices are increasing at different rates.

- 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.
- Water take volume forecasts have declined compared to the 2016 price review, while entitlements are relatively stable.
- This has contributed to a larger increase water take prices relative to entitlement price.

## 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.