

WAMC prices for South Coast unregulated rivers

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 are 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 14.8% (before inflation) from 2020-21 prices to 2024-25 prices.

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		1.58	1.58	1.58	1.58	NA
MDBA		NA	NA	NA	NA	NA
BRC		NA	NA	NA	NA	NA
Combined	1.75	1.58	1.58	1.58	1.58	-9.8%
Water take price						
Water management		1.18	1.18	1.18	1.18	NA
MDBA		NA	NA	NA	NA	NA
BRC		NA	NA	NA	NA	NA
Combined	1.49	1.18	1.18	1.18	1.18	-20.7%
Total price	3.24	2.76	2.76	2.76	2.76	-14.8%

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 charge						
Water management		2.76	2.76	2.76	2.76	NA
MDBA		NA	NA	NA	NA	NA
BRC		NA	NA	NA	NA	NA
Total price	3.24	2.76	2.76	2.76	2.76	-14.8%

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 allocated costs for this water source have decreased by 18% (or around \$3.3 million) since the 2016 price review, which are driven by:

- Lower operating expenditure. The costs allocated to this water source is around \$3.9 million than allocated in the previous review, largely driven by lower water management planning, modelling and monitoring costs.
- Partly offset by higher capital expenditure. 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.

In addition, the entitlement and water take volume forecasts are higher compared with the 2016 price review. These two factors place downward pressure on prices, which result in a 15% price decrease from 2020-21 to 2024-25.

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.