

This Fact Sheet sets out our key decisions on draft prices for Border groundwater water users only. This information is not exhaustive and should be viewed in conjunction with our Draft Report and Draft Determination. These documents and other fact sheets are available on our [website](#).

1 Key changes since the 2016 price review

For this price review, we are unbundling existing water management prices into 3 separate pricing components for:

- ▼ Water Administration Ministerial Corporation's (WAMC's) water management charges
- ▼ Murray-Darling Basin Authority (MDBA) charges
- ▼ Dumaresq-Barwon Border Rivers Commission (BRC) charges.

Each component will have its own entitlement (fixed) charge (\$/ML of entitlement) and water take (variable) charge (\$/ML of usage).

Our new price structure improves transparency in costs and prices, and is consistent with how we set charges for Water NSW's rural bulk water services. Our draft decisions also seek to improve the sharing of these costs between all water users. This means that depending on the water source, water users will pay up to 3 charge components. That is, all water users will pay water management charges and water users that are in Murray-Darling Basin and BRC areas will also pay MDBA and BRC charges. This includes small users who are subject to the minimum annual charge (MAC).

2 Draft prices for Border groundwater users

Under our draft decisions, Border groundwater water users will pay water management, MDBA and BRC charges for the 2021 determination period.

MDBA and BRC charges are set at full cost recovery from 1 July 2021 onwards. This means that our draft charges will remain constant in real terms (i.e. will only increase by CPI) over the next 4 years.

WAMC's water management charges are also set at full cost recovery from 1 July 2021 onwards. Similar to MDBA charges, draft water management charges will also remain constant in real terms (i.e. will only increase by CPI) over the next 4 years. Key drivers of changes in prices are discussed in section 3.

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. As part of the unbundling of existing prices, we are allocating MDBA and BRC costs to relevant water sources only. Therefore, our draft decision is to allocate these costs to Border only instead of Inland. Our draft charges are presented in Table 2.1, which shows the combined entitlement and water take charges for each component. We provide a further breakdown of prices in Section 4.

Table 2.1 Combined entitlement and water take charges for Border groundwater (\$/ML, \$2020-21)

	2020-21	2021-22	2022-23	2023-24	2024-25	Difference 20-21 to 24-25
Water Management		5.59	5.59	5.59	5.59	N/A
MDBA		0.26	0.26	0.26	0.26	N/A
BRC		0.42	0.42	0.42	0.42	N/A
Total	6.99	6.28	6.28	6.28	6.28	-10.2%

Note: Although the figures in the table above are presented to the nearest cent, these figures are not rounded to the nearest cent. As a result, these figures may not add. The charges are in real dollars and exclude the impact of CPI.

For small water users in Border groundwater sources that are subject to the MAC¹, they will be required to pay the MAC charge, the MDBA charge and the BRC charge. We have set the MAC at \$219 per licence in 2021-22. This charge is set below cost recovery and will transition towards full cost recovery at a rate of 2.5% per year (or 10% total) in real terms over the next 4 years.

3 What are key drivers of changes to prices?

Prices are decreasing by 10.2% from current 2020-21 levels for Border groundwater over the next 4 years. Key drivers of this change from the 2016 price review are discussed below.

Changes in costs	<ul style="list-style-type: none"> ▼ Border groundwater is a subset of Inland groundwater. For pricing purposes, allocated water management and MDBA costs are the same for the Border and Inland groundwater sources. ▼ In addition, Border groundwater users will also pay an additional BRC charge. BRC costs decreased by 18% compared with the 2016 review. BRC costs were previously allocated to all Inland groundwater water users. The separation of the BRC charge has allowed these costs to be allocated to the impactors in Border groundwater. ▼ MDBA costs allocated to Border groundwater have increased by 44%. ▼ Total costs allocated to Border groundwater have declined by 3%. Overall, this results in downward pressure on combined full cost recovery prices.
Changes in entitlements and water take volumes	<ul style="list-style-type: none"> ▼ For pricing purposes, forecast entitlement and water take volumes are the same for the Border and Inland groundwater sources. ▼ There is a large increase in total entitlements (1-part and 2-part tariff licence entitlements). There is also a large increase in water take forecasts for 2-part tariff licences. ▼ The increases in entitlement and water take forecasts result in downward pressure on full cost recovery prices.
Changes in cost recovery levels	<ul style="list-style-type: none"> ▼ As a result on decreasing efficient costs and increase in entitlement and water take forecasts, full cost recovery prices have decreased by 10.2%.

¹ Minimum annual charge (MAC) applies to licence holders or water users where the sum of the WAMC's water management entitlement charge and water take charge is less than the MAC.

4 Additional information

In the tables below, we have set out the breakdown of the entitlement charges and water take charges for Border groundwater over the 2021 determination period. These charges are set in \$2020-21, therefore before inflation.

Table 4.1 Draft prices for Border groundwater water users on 2-part tariffs (\$/ML, \$2020-21)

	2020-21	2021-22	2022-23	2023-24	2024-25	Difference 20-21 to 24-25
Entitlement charge (\$/ML of entitlement)						
Water Management		3.51	3.51	3.51	3.51	N/A
MDBA		0.19	0.19	0.19	0.19	N/A
BRC		0.30	0.30	0.30	0.30	N/A
Total entitlement charge	3.86	4.00	4.00	4.00	4.00	3.7%
Water take charge (\$/ML of usage)						
Water Management		2.08	2.08	2.08	2.08	N/A
MDBA		0.07	0.07	0.07	0.07	N/A
BRC		0.12	0.12	0.12	0.12	N/A
Total water take charge	3.13	2.27	2.27	2.27	2.27	-27.4%
Combined total charge	6.99	6.28	6.28	6.28	6.28	-10.2%

Note: Although the figures in the table above are presented to the nearest cent, these figures are not rounded to the nearest cent. As a result, these figures may not add. The charges are in real dollars and exclude the impact of CPI.

Table 4.2 Draft prices for Border groundwater water users on 1-part tariffs (\$/ML, \$2020-21)

	2020-21	2021-22	2022-23	2023-24	2024-25	Difference 20-21 to 24-25
Entitlement charge (\$/ML of entitlement)						
Water Management		5.59	5.59	5.59	5.59	N/A
MDBA		0.26	0.26	0.26	0.26	N/A
BRC		0.42	0.42	0.42	0.42	N/A
Total entitlement charge	6.99	6.28	6.28	6.28	6.28	-10.2%

Note: Although the figures in the table above are presented to the nearest cent, these figures are not rounded to the nearest cent. As a result, these figures may not add. The charges are in real dollars and exclude the impact of CPI.