

This Fact Sheet sets out our key decisions on draft prices for Coastal 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 (MDB) 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 Coastal groundwater users

Under our draft decisions, Coastal groundwater water users will pay only water management charges for the 2021 determination period.

Coastal groundwater charges are below full cost recovery. We are transitioning these charges towards full cost recovery level over the next 4 years. WAMC charges will increase by up to 2.5% per year for the next 4 years (before inflation). In section 3, we present the key drivers of changes to charges.

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 Coastal groundwater (\$/ML, \$2020-21)**

	2020-21	2021-22	2022-23	2023-24	2024-25	Difference 20-21 to 24-25
Water Management		5.18	5.31	5.44	5.58	N/A
MDBA		N/A	N/A	N/A	N/A	N/A
BRC		N/A	N/A	N/A	N/A	N/A
<b>Total</b>	<b>5.05</b>	<b>5.18</b>	<b>5.31</b>	<b>5.44</b>	<b>5.58</b>	<b>10.4%</b>

**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 Coastal groundwater sources that are subject to the MAC<sup>1</sup>, they will be required to pay the MAC charge only. 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 increasing by 10.4% from current 2020-21 levels for Coastal groundwater over the next 4 years. Key drivers of this change from the 2016 price review are discussed below.

<b>Changes in costs</b>	<ul style="list-style-type: none"> <li>▼ WAMC water management costs allocated to Coastal groundwater have increased by 60% since the 2016 price review. A large contributor to this increase is increasing capital costs for customer support systems, along with increasing costs for groundwater monitoring, water modelling and other water management costs. These higher efficient costs for water management result in upward pressure on full cost recovery prices for water management.</li> </ul>
<b>Changes in entitlements and water take volumes</b>	<ul style="list-style-type: none"> <li>▼ Since the 2016 price review there has been a small increase in total entitlements (1-part and 2-part tariff licence entitlements) and a large movement away from 1-part entitlements towards 2-part entitlements. There has also been a large increase in water take forecasts for 2-part tariff licences.</li> <li>▼ Changes in entitlement and water take forecasts result in downward pressure on full cost recover prices.</li> </ul>
<b>Changes in cost recovery levels</b>	<ul style="list-style-type: none"> <li>▼ Current 2020-21 prices are below full cost recovery.</li> <li>▼ As a result of increasing efficient costs (partially offset by small increases in forecast entitlement and water take volumes), the full cost recovery prices will be significantly higher than current 2020-21 water management charges. To mitigate impacts on water users, we are transitioning WAMC water management charges towards full cost recovery at 2.5% per year. By 2024-25, draft prices are estimated to recover 59% of the efficient water management costs for Coastal groundwater sources.</li> </ul>

<sup>1</sup> 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 Coastal groundwater over the 2021 determination period. These charges are set in \$2020-21, therefore before inflation.

**Table 4.1 Draft prices for Coastal 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
<b>Entitlement charge (\$/ML of entitlement)</b>						
Water Management		1.78	1.82	1.87	1.92	N/A
MDBA		N/A	N/A	N/A	N/A	N/A
BRC		N/A	N/A	N/A	N/A	N/A
<b>Total entitlement charge</b>	<b>1.76</b>	<b>1.78</b>	<b>1.82</b>	<b>1.87</b>	<b>1.92</b>	<b>8.7%</b>
<b>Water take charge (\$/ML of usage)</b>						
Water Management		3.40	3.49	3.57	3.66	N/A
MDBA		N/A	N/A	N/A	N/A	N/A
BRC		N/A	N/A	N/A	N/A	N/A
<b>Total water take charge</b>	<b>3.29</b>	<b>3.40</b>	<b>3.49</b>	<b>3.57</b>	<b>3.66</b>	<b>11.3%</b>
<b>Combined total charge</b>	<b>5.05</b>	<b>5.18</b>	<b>5.31</b>	<b>5.44</b>	<b>5.58</b>	<b>10.4%</b>

**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 Coastal 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
<b>Entitlement charge (\$/ML of entitlement)</b>						
Water Management		5.18	5.31	5.44	5.58	N/A
MDBA		N/A	N/A	N/A	N/A	N/A
BRC		N/A	N/A	N/A	N/A	N/A
<b>Total entitlement charge</b>	<b>5.05</b>	<b>5.18</b>	<b>5.31</b>	<b>5.44</b>	<b>5.58</b>	<b>10.4%</b>

**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.