

This Fact Sheet sets out our key decisions on draft prices for Inland 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 Inland 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 Inland groundwater users

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

MDBA 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.

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 BRC costs from Inland groundwater to Border groundwater.

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 Inland 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		N/A	N/A	N/A	N/A	N/A
<b>Total</b>	<b>6.99</b>	<b>5.85</b>	<b>5.85</b>	<b>5.85</b>	<b>5.85</b>	<b>-16.3%</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 Inland groundwater sources that are subject to the MAC<sup>1</sup>, they will be required to pay the MAC charge and the MDBA 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 (of 10% total) in real terms over the next 4 years.

### 3 What are key drivers of changes to prices?

Prices are decreasing by 16.3% from current 2020-21 levels for Inland 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 Inland groundwater have decreased marginally by 4%. These lower efficient costs result in downward pressure on full cost recovery prices for water management.</li> <li>▼ MDBA costs allocated to Inland groundwater have increased by 44%.</li> <li>▼ BRC costs are no longer allocated to Inland water sources.</li> <li>▼ Total costs allocated to Inland groundwater have declined by 3%. Overall, this results in a downward pressure on combined full cost recovery prices.</li> </ul>
<b>Changes in entitlements and water take volumes</b>	<ul style="list-style-type: none"> <li>▼ There is a large increase in total entitlements (1-part and 2-part tariff licence entitlements). There is also a large increase in measurable water take volume forecasts for 2-part tariff licences.</li> <li>▼ Changes in entitlement and water take forecasts result in a downward movement in prices.</li> </ul>
<b>Changes in cost recovery levels</b>	<ul style="list-style-type: none"> <li>▼ As a result of lower efficient costs and higher entitlement and water take forecasts, the combined full cost recovery prices for Inland groundwater sources will decrease by 16.3%.</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 Inland groundwater over the 2021 determination period.

**Table 4.1 Draft prices for Inland 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		3.51	3.51	3.51	3.51	N/A
MDBA		0.19	0.19	0.19	0.19	N/A
BRC		N/A	N/A	N/A	N/A	N/A
<b>Total entitlement charge</b>	<b>3.86</b>	<b>3.71</b>	<b>3.71</b>	<b>3.71</b>	<b>3.71</b>	<b>-4.0%</b>
<b>Water take charge (\$/ML of usage)</b>						
Water Management		2.08	2.08	2.08	2.08	N/A
MDBA		0.07	0.07	0.07	0.07	N/A
BRC		N/A	N/A	N/A	N/A	N/A
<b>Total water take charge</b>	<b>3.13</b>	<b>2.15</b>	<b>2.15</b>	<b>2.15</b>	<b>2.15</b>	<b>-31.4%</b>
<b>Combined total charge</b>	<b>6.99</b>	<b>5.85</b>	<b>5.85</b>	<b>5.85</b>	<b>5.85</b>	<b>-16.3%</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 Inland 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		5.59	5.59	5.59	5.59	N/A
MDBA		0.26	0.26	0.26	0.26	N/A
BRC		N/A	N/A	N/A	N/A	N/A
<b>Total entitlement charge</b>	<b>6.99</b>	<b>5.85</b>	<b>5.85</b>	<b>5.85</b>	<b>5.85</b>	<b>-16.3%</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.