

This Fact Sheet sets out our key decisions on draft prices for Lachlan regulated rivers 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 Lachlan regulated rivers water users

Under our draft decisions, Lachlan regulated rivers 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.

We are transitioning WAMC's water management charges towards full cost recovery levels over the next 4 years – that is, these 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 Lachlan regulated rivers (\$/ML, \$2020-21)

	2020-21	2021-22	2022-23	2023-24	2024-25	Difference 20-21 to 24-25
Water Management		2.84	2.91	2.98	3.06	N/A
MDBA		0.63	0.63	0.63	0.63	N/A
BRC		N/A	N/A	N/A	N/A	N/A
Total	3.35	3.47	3.54	3.61	3.69	9.9%

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 Lachlan regulated rivers that are subject to the MAC¹, they will be required to pay the MAC 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 (or 10% total) in real terms over the next 4 years.

3 What are key drivers of changes to prices?

Prices are increasing by 9.9% from current 2020-21 levels for Lachlan regulated rivers 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"> ▼ WAMC water management costs allocated to Lachlan regulated rivers have increased by 26%. This is mostly due to increases in water management planning, modelling and impact assessment, and business and customer services costs. These higher efficient costs for water management result in upward pressure on full cost recovery prices for water management. ▼ MDBA costs allocated to Lachlan regulated have increased by 17%. ▼ This means that total costs allocated to Lachlan regulated rivers have increased by 25%. Overall, this results in upward pressure on combined full cost recovery prices.
Changes in entitlements and water take volumes	<ul style="list-style-type: none"> ▼ There are small decreases in entitlements and water take forecasts compared to what we used to set prices in the 2016 price review. This is not a key driver of price changes in Lachlan regulated rivers.
Changes in cost recovery levels	<ul style="list-style-type: none"> ▼ As a result of increasing efficient water management costs allocated to Lachlan regulated rivers, the full cost recovery prices for water management charges will be significantly higher than current 2020-21 prices. To mitigate impacts, we are transitioning the water management charges towards full cost recovery prices at 2.5% per year. By 2024-25, draft prices are estimated to recover 82% of the efficient water management costs in Lachlan regulated rivers. ▼ As we are setting MDBA charges at full cost recovery, the increase in MDBA costs allocated to Lachlan regulated has also placed upward pressure on combined prices in Lachlan regulated rivers.

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 table below, we have set out the breakdown of the entitlement charges and water take charges for the Lachlan regulated rivers over the 2021 determination period. These charges are set in \$2020-21, therefore before inflation.

Table 4.1 Draft prices for Lachlan regulated rivers water users (\$/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		1.14	1.17	1.20	1.23	N/A
MDBA		0.33	0.33	0.33	0.33	N/A
BRC		N/A	N/A	N/A	N/A	N/A
Total entitlement charge	1.43	1.47	1.50	1.53	1.56	8.6%
Water take charge (\$/ML of usage)						
Water Management		1.70	1.74	1.79	1.83	N/A
MDBA		0.30	0.30	0.30	0.30	N/A
BRC		N/A	N/A	N/A	N/A	N/A
Total water take charge	1.92	2.00	2.04	2.09	2.13	10.9%
Combined total charge	3.35	3.47	3.54	3.61	3.69	9.9%

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.