

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

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

MDBA charges are set at full cost recovery 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 set 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 in real terms for the next 4 years, before inflation. In section 3, we present the key drivers of changes to charges.

The Murrumbidgee groundwater source is a subset of the Inland groundwater source. Murrumbidgee groundwater users should be paying the same prices as Inland groundwater users. However, over the 2016-21 period Murrumbidgee water users have been paying lower charges than the Inland water users. This is because Murrumbidgee prices are set below cost recovery.

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 to Border only instead of Inland (including Murrumbidgee).

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 Murrumbidgee groundwater (\$/ML, \$2020-21)

	2020-21	2021-22	2022-23	2023-24	2024-25	Difference 20-21 to 24-25
Water Management		4.73	4.85	4.97	5.10	N/A
MDBA		0.26	0.26	0.26	0.26	N/A
BRC		N/A	N/A	N/A	N/A	N/A
Total	4.64	4.99	5.11	5.23	5.36	15.4%

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 subject to the MAC¹, 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 in real terms or 10% over the next 4 years.

3 What are key drivers of changes to prices?

Prices are increasing by 15.4% from current 2020-21 levels for Murrumbidgee 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"> ▼ Murrumbidgee groundwater is a subset of Inland groundwater. For pricing purposes, allocated water management and MDBA costs are the same for the Murrumbidgee and Inland groundwater sources. ▼ 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. ▼ MDBA costs allocated to Inland groundwater (including Murrumbidgee) have increased by 44%. ▼ BRC costs are no longer allocated to Inland water sources and are allocated to Border only. ▼ Total costs allocated to Inland groundwater (including Murrumbidgee) 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 Murrumbidgee 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. ▼ Changes in entitlement and water take forecasts result in downward pressure on full cost recovery prices.

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.

Changes in cost recovery levels

- ▼ Murrumbidgee groundwater currently incurs lower prices than Inland groundwater. Current 2020-21 are below full cost recovery.
- ▼ While costs have declined, full cost recovery prices are still higher than current 2020-21 prices. To mitigate impacts, we are transitioning Murrumbidgee groundwater towards full cost recovery prices at 2.5% per year. By 2024-25, draft prices are estimated to recover 91% of the efficient water management costs for Inland (including Murrumbidgee) groundwater.

4 Additional information

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

Table 4.1 Draft prices for Murrumbidgee 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		2.97	3.05	3.12	3.20	N/A
MDBA		0.19	0.19	0.19	0.19	N/A
BRC		N/A	N/A	N/A	N/A	N/A
Total entitlement charge	2.56	3.17	3.24	3.32	3.39	32.4%
Water take charge (\$/ML of usage)						
Water Management		1.76	1.81	1.85	1.90	N/A
MDBA		0.07	0.07	0.07	0.07	N/A
BRC		N/A	N/A	N/A	N/A	N/A
Total water take charge	2.08	1.83	1.87	1.92	1.96	-5.5%
Combined total charge	4.64	4.99	5.11	5.23	5.36	15.4%

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 Murrumbidgee 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		4.73	4.85	4.97	5.10	N/A
MDBA		0.26	0.26	0.26	0.26	N/A
BRC		N/A	N/A	N/A	N/A	N/A
Total entitlement charge	4.64	4.99	5.11	5.23	5.36	15.4%

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.