

This Fact Sheet sets out our key decisions on draft prices for North West unregulated rivers, which include water users in the Border, Gwydir, Namoi and Peel. 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 North West unregulated rivers

Under our draft decisions, North West unregulated rivers water users will pay water management and MDBA charges for the 2021 determination period.

MDBA charges are set at full cost recovery from 2021-22 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, before inflation. WAMC charges will increase by up to 2.5% per year for the next 4 years, before inflation.

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 North West unregulated rivers (\$/ML, \$2020-21)

	2020-21	2021-22	2022-23	2023-24	2024-25	Difference 20-21 to 24-25
Water Management		4.30	4.40	4.51	4.63	N/A
MDBA		0.31	0.31	0.31	0.31	N/A
BRC		N/A	N/A	N/A	N/A	N/A
Total	4.78	4.60	4.71	4.82	4.93	3.2%

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 North West unregulated 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 3.2% from current 2020-21 levels for North West unregulated 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"> ▼ From 2021-22, North West unregulated will not be allocated BRC costs. This results in downward pressure on combined full cost recovery prices. ▼ However, total costs allocated to North West have increased by 20% in the 2021-25 period. This is because allocated water management costs have increased by 29% followed by a 20% increase in allocated MDBA costs. 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"> ▼ 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 is also a small increase in water take forecasts for 2-part tariff licences. ▼ Overall, the changes in entitlement and water take forecasts have put downward pressure on combined full cost recovery prices.
Changes in cost recovery levels	<ul style="list-style-type: none"> ▼ As a result of increasing efficient water management costs that are offset partially by increases in entitlement and water take forecasts, the full cost recovery prices for water management 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 63% of the allocated efficient water management costs to North West unregulated. ▼ As we are setting MDBA charges at full cost recovery, the increase in efficient MDBA costs allocated to North West unregulated rivers has placed upward pressure on combined 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.

4 Additional information

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

Table 4.1 Draft prices for North West unregulated rivers 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		0.85	0.87	0.89	0.92	N/A
MDBA		0.09	0.09	0.09	0.09	N/A
BRC		N/A	N/A	N/A	N/A	N/A
Total entitlement charge	2.31	0.94	0.96	0.98	1.00	-56.6%
Water take charge (\$/ML of usage)						
Water Management		3.45	3.53	3.62	3.71	N/A
MDBA		0.22	0.22	0.22	0.22	N/A
BRC		N/A	N/A	N/A	N/A	N/A
Total water take charge	2.47	3.66	3.75	3.84	3.93	59.2%
Combined total charge	4.78	4.60	4.71	4.82	4.93	3.2%

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 4.1 Draft prices for North West unregulated rivers 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		4.30	4.40	4.51	4.63	N/A
MDBA		0.31	0.31	0.31	0.31	N/A
BRC		N/A	N/A	N/A	N/A	N/A
Total entitlement charge	4.78	4.60	4.71	4.82	4.93	3.2%

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

The prices presented above assume there are no floodplain harvesting (FPH) licences. If FPH licences are introduced, we have allowed for prices to switch to a new pricing schedule resulting in lower water take charges for all water users in North West unregulated rivers.