

# WAMC prices for Peel regulated rivers

## 9 September 2021

### Your total prices will increase from 1 October 2021

We have reviewed the Water Administration Ministerial Corporation's (WAMC) efficient costs and prices. As presented in Table 1, total prices will increase from 1 October 2021.

For this water source, the WAMC water management prices are transitioning to full cost recovery in 2023-24. Price increases will be capped at 2.5% per year (before inflation) up to 2023-24 to mitigate bill impacts for water users. The prices to recover the costs of the Murray-Darling Basin Authority (MDBA) are set at full cost recovery and will remain constant in real terms over the 2021 determination period (1 Oct 2021 to 30 June 2025). The total prices are increasing by 14.7% (before inflation) from 2020-21 to 2024-25.

### Schedule of prices from 1 October 2021

Table 1: Prices for 2-part tariffs (\$/ML, \$2021-22)

	2020-21	2021-22	2022-23	2023-24	2024-25	% change from 2020-21 to 2024-25
<b>Entitlement price</b>						
Water management		2.99	3.06	3.14	3.14	NA
MDBA		0.25	0.25	0.25	0.25	NA
BRC		NA	NA	NA	NA	NA
<b>Combined</b>	<b>2.67</b>	<b>3.24</b>	<b>3.31</b>	<b>3.39</b>	<b>3.39</b>	<b>27.0%</b>
<b>Water take price</b>						
Water management		4.67	4.79	4.90	4.90	NA
MDBA		0.23	0.23	0.23	0.23	NA
BRC		NA	NA	NA	NA	NA
<b>Combined</b>	<b>4.76</b>	<b>4.90</b>	<b>5.02</b>	<b>5.13</b>	<b>5.13</b>	<b>7.8%</b>
<b>Total price</b>	<b>7.43</b>	<b>8.14</b>	<b>8.33</b>	<b>8.52</b>	<b>8.52</b>	<b>14.7%</b>

Note: The percentage change includes the impact of inflation from 2020-21 to 2021-22 of 1.1%.

Source: IPART analysis.

## Key drivers of prices changes

When we last reviewed prices for Peel regulated rivers in 2016, we set the 2020-21 prices below full cost recovery. In this review, prices for Peel regulated rivers are increasing to transition towards full cost recovery. Prices are expected to achieve full cost recovery by 2023-24, which is earlier than expected in our 2016 price review. This is because the total costs allocated to this water source have decreased by 6% (or around \$0.1 million) since the 2016 price review. This is due to:

- Lower operating expenditure. This is down by 16% or around \$0.1 million. A reduction in surface water modelling costs allocated to this water source is the key driver.
- This has been partly offset by small increases in MDBA costs and capital expenditure allocated to this water source.

We also set MDBA prices to recover full MDBA costs allocated to this water source, which was not the case in the previous review. In the 2016 price review, prices were bundled and set below full costs. This change is the main driver of price increases.

## Minimum annual charge set at \$221.50 per licence

We have set the minimum annual charge (MAC) at \$221.50 per licence in 2021-22. The MAC recovers most of WAMC's costs associated with account management services (i.e. compliance management, customer management and billing management). The MAC will increase by 2.5% per year (before inflation) over the 2021 determination period.

Water users paying the MAC will also be required to pay MDBA prices. This is to improve the sharing of MDBA costs between all water users.