

## 1. ENVIRONMENTAL TRENDS

### Water pricing for public supply

Pricing of water and water-related services is an important mechanism for managing demand and promoting efficient use of water, for allocating water among competing uses and for generating finance to invest in water-related infrastructure and services. When consumers do not pay the full cost of water, they tend to use it inefficiently. At the same time, when the price levels are high, this may pose problems of continued access to water for poorer consumers, and the affordability of the water bill for low income households needs to be taken into account.

#### Definitions

The indicators presented here refer to prices for public water supply to households in selected cities, and their tariff structure.

The prices refer to 2009 figures, expressed in USD as of 31 December 2009. The data are expressed in US dollars per cubic metre supplied. They refer to the prices paid by customers and to an annual consumption of 200 m<sup>3</sup> per year, to facilitate comparison between cities. They do not necessarily reflect the full cost of water services.

It should be kept in mind that water prices show important local variations within countries, and that the indicator should be supplemented with information on water prices for other major users (industry, agriculture) and on cost recovery ratios.

#### Overview

Today OECD countries are covering more of the costs associated with the provision of water services (OECD, 2009). This is reflected in the level of prices, which have increased, at times substantially, over the last decade, and in the structure of tariffs, which better reflect consumption and treatment costs.

Tariff structures for water supply vary across and within countries. Diversity within a country reflects the degree of decentralisation of the tariff-setting process, as well as the varying costs of providing water services in different locations, especially in rural areas.

An emerging trend in some OECD countries is the increasing use of fixed charges alongside volumetric components, or the progressive increase in the weight of fixed charges in the overall bill. Water pricing is also increasingly complemented by a range of other approaches, including abstraction and pollution charges, tradable water permits, smart metering, water reuse and innovation (OECD, 2012b).

At the same time, demand for higher standards and technologies for drinking water purification and sanitation is rising because of the continued presence of nitrates and pesticides in many water bodies, along with new concerns about micro-pollutants and endocrine disruptors. Addressing these challenges will be costly, and could lead to an increase in water prices in many countries.

#### Comparability

Data on water prices and tariff structures are only partly available. The variations in water prices and price structures across and within countries and across different groups of consumers make it difficult to calculate meaningful national averages. Little coherent data exist on prices for industry and for agriculture.

#### Sources

International Water Association (2010), *International Statistics for Water Services*, [www.iwahq.org](http://www.iwahq.org).

#### Further information

OECD (2014), *Water and Green Growth*, OECD Green Growth Studies, OECD Publishing, Paris, forthcoming.

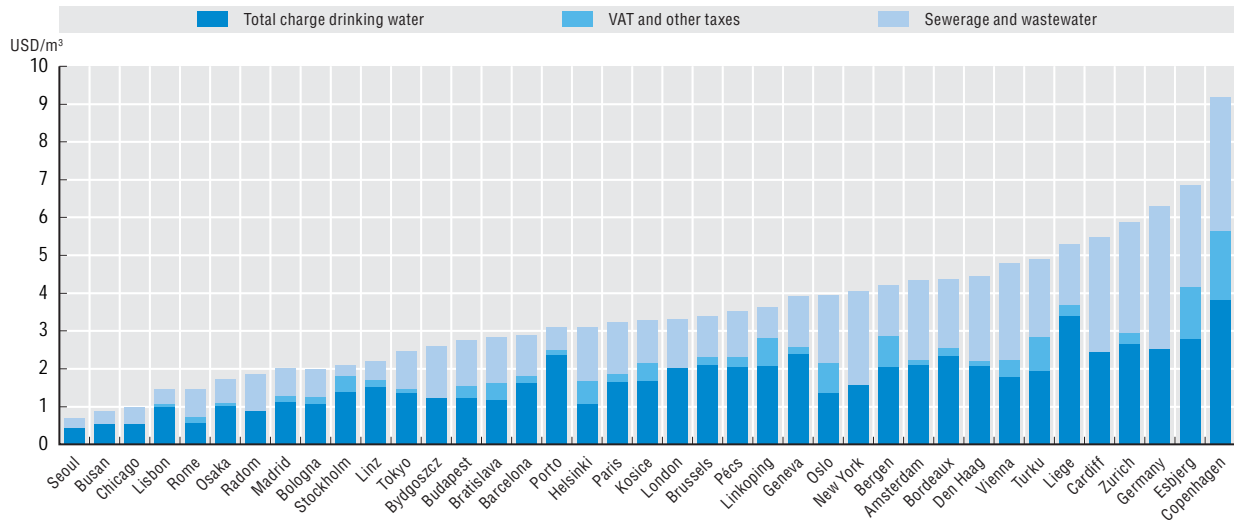
OECD (2012a), *OECD Environmental Outlook to 2050: The Consequences of Inaction*, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264122246-en>.

OECD (2012b), "Review of the OECD Environmental Strategy for the First Decade of the 21st Century", OECD, Paris, [www.oecd.org/env/50032165.pdf](http://www.oecd.org/env/50032165.pdf).

OECD (2009), *Managing Water for All: An OECD Perspective on Pricing and Financing*, OECD Studies on Water, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264059498-en>.

Figure 1.19. **Water prices in selected major cities, 2009**

Total annual charges and tariff structure



Source: International Water Association (2010), International Statistics for Water Services.

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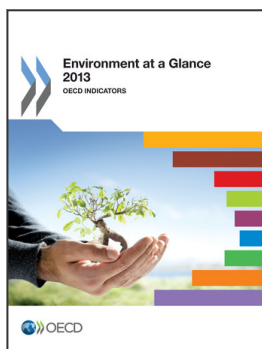
Table 1.6. **Water prices in selected major cities, 2009**

Total annual charges

City	USD/m <sup>3</sup>	City	USD/m <sup>3</sup>	City	USD/m <sup>3</sup>
Austria	Graz 4.17	Italy	Bologna 2.00	Portugal	Lisbon 1.44
	Innsbruck 4.66		Milan 0.73		Porto 3.09
	Linz 2.20		Naples 1.56	Slovak Republic	Bratislava 2.83
	Salzburg 5.59		Rome 1.46	Republic	Kosice 3.29
	Vienna 4.78		Turin 1.71		Nitra 3.06
Belgium	Antwerp 4.92	Japan	Hiroshima 2.16	Spain	Barcelona 2.87
	Brussels 3.39		Nagoya 2.02		Bilbao 1.70
	Genk 4.33		Osaka 1.73		Madrid 2.00
	Liege 5.29		Sapporo 2.51		Sevilla 2.26
	Louvain 4.67		Tokyo 2.47	Sweden	Goteborg 3.38
Denmark	Aalborg 9.02	Korea	Busan 0.87		Linkoping 3.64
	Aarhus 8.56		Daejeon 0.66		Malmo 2.61
	Copenhagen 9.18		Gwangju 0.69		Stockholm 2.08
	Esbjerg 6.85		Gyeonggi 0.74		Uppsala 3.59
	Odense 8.04		Seoul 0.69	Switzerland	Basel 4.34
Finland	Helsinki 3.41	Netherlands	Amsterdam 4.56		Bern 4.98
	Oulu 4.45		Den Haag 4.66		Geneva 3.91
	Tampere 4.35		Eindhoven 3.65		Lausanne 4.59
	Turku 4.90		Rotterdam 4.61		Zurich 5.88
	Espoo 4.59	Norway	Bergen 4.22	United Kingdom	Birmingham 4.20
France	Bordeaux 4.60		Oslo 3.93		Cardiff 5.49
	Lille 4.78		Trondheim 3.18		Leeds 4.59
	Lyon 3.94	Poland	Bialystok 1.85		London 3.31
	Paris 4.27		Bydgoszcz 2.61		Manchester 5.03
Germany	Country average 6.30		Radom 1.85	United States	Chicago 0.99
Hungary	Budapest 2.92		Tarnow 2.35		Los Angeles 2.24
	Debrecen 2.55		Wroclaw 1.92		Miami 1.09
	Miskolc 2.89	Portugal	Braga 1.86		New York 4.04
	Pécs 3.57		Coimbra 2.10		Washington, DC 2.48
			Faro 2.06		

Source: International Water Association (2010), International Statistics for Water Services.

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