

Presentation

Presentation from the 2009 World Water Week in Stockholm
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WORLD
in Stockholm,
August 16–22, 2009 **WATER**
WEEK

Sustainable Water Tariffs In Mexico

José Luis Luege Tamargo
Stockholm, August 19th, 2009



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Water duties

Water duties in Mexico are determined differently considering 9 regions according to water availability. This applies to all water uses.

Regarding to water assignation for water supply use, different duties have been defined considering the volumes which are consumed.

If the volume consumed is bigger than the equivalent to 300 liters per person per day, water duties are double.



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Water supply tariffs

The regulatory framework in Mexico, defines a Medium Equilibrium Tariff, which considers the recovery of operational, maintenance, administrative, depreciation of investments and a fund for development of new infrastructure, for water, wastewater and sanitation services

Therefore, the costs related to the environmental degradation of water exploitation are not directly considered in water tariffs but through water duties paid by water utilities to the National Water Commission



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Reality regarding water supply tariff

According to the National Constitution, the faculty of providing the water supply and sanitation services are conferred to the municipalities; and therefore it is within their attributions to defined water tariffs

The reality is that actual water tariffs in Mexico generally do not allow water utilities to cover all their costs

This situation arises mainly due to the inefficiency with which water utilities provide the water and sanitation services



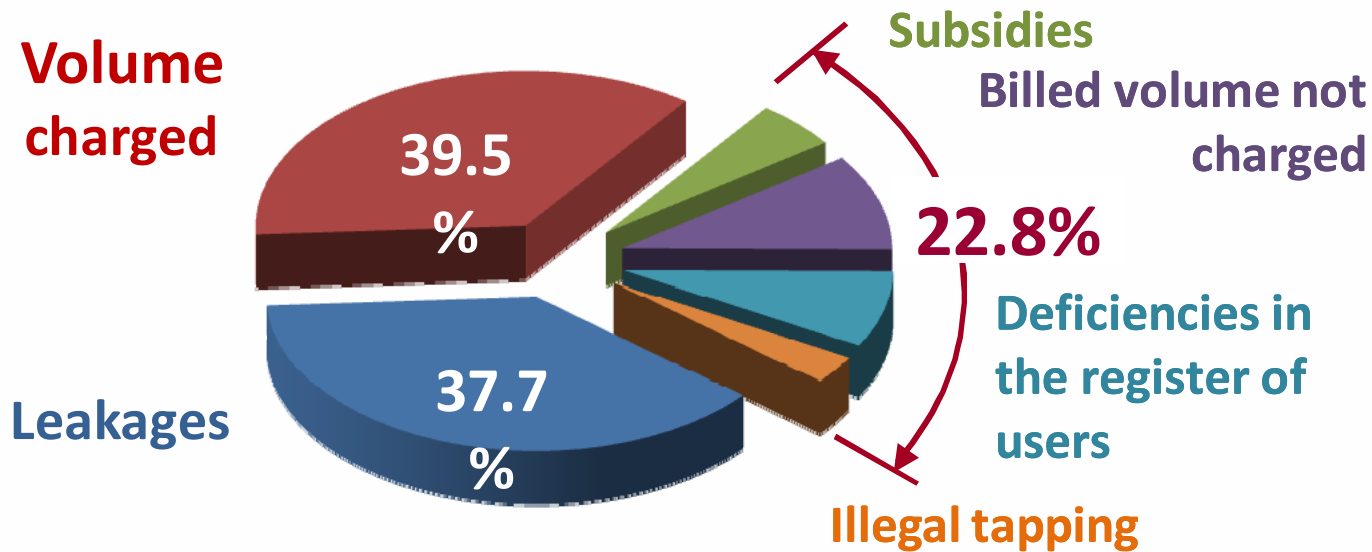
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Efficiency of water utilities



* Based on the global efficiency data from 80 water utilities with population over 20,000 inhabitants (preliminary data for 2008).



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Efficiency of water utilities, 2008

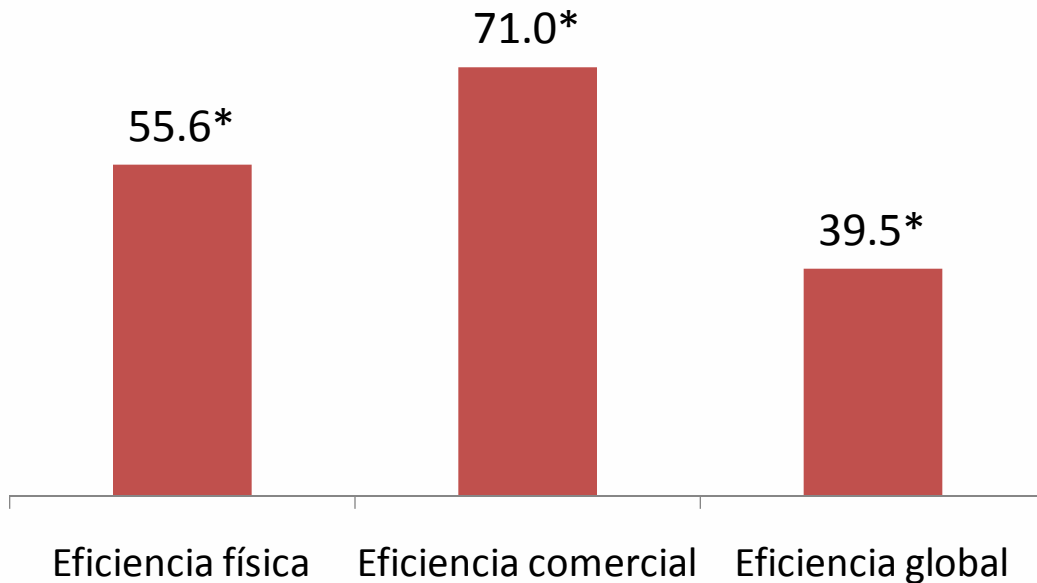
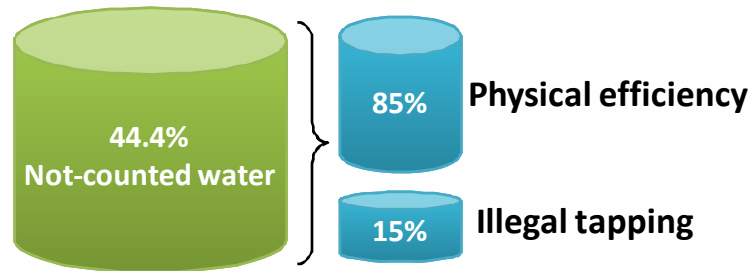


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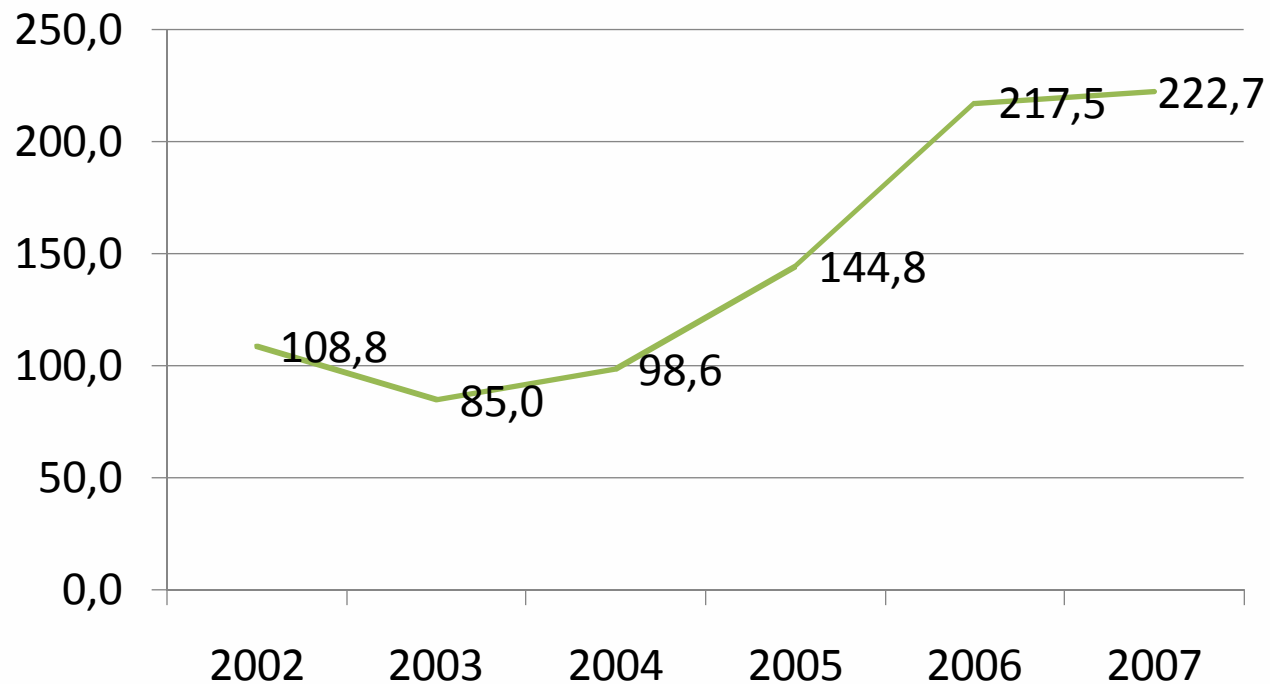


*Preliminary data

From each 1,000 liters which are produced only 395 are being collected

Investment in efficiency activities

In million dollars



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Evolution of billing and collection rates

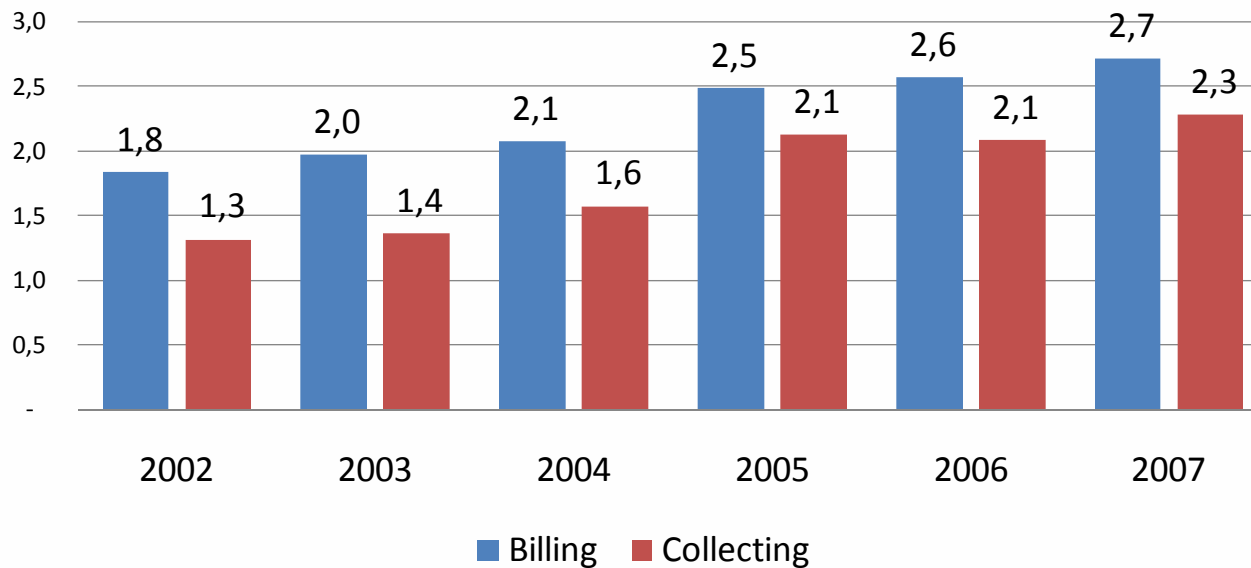


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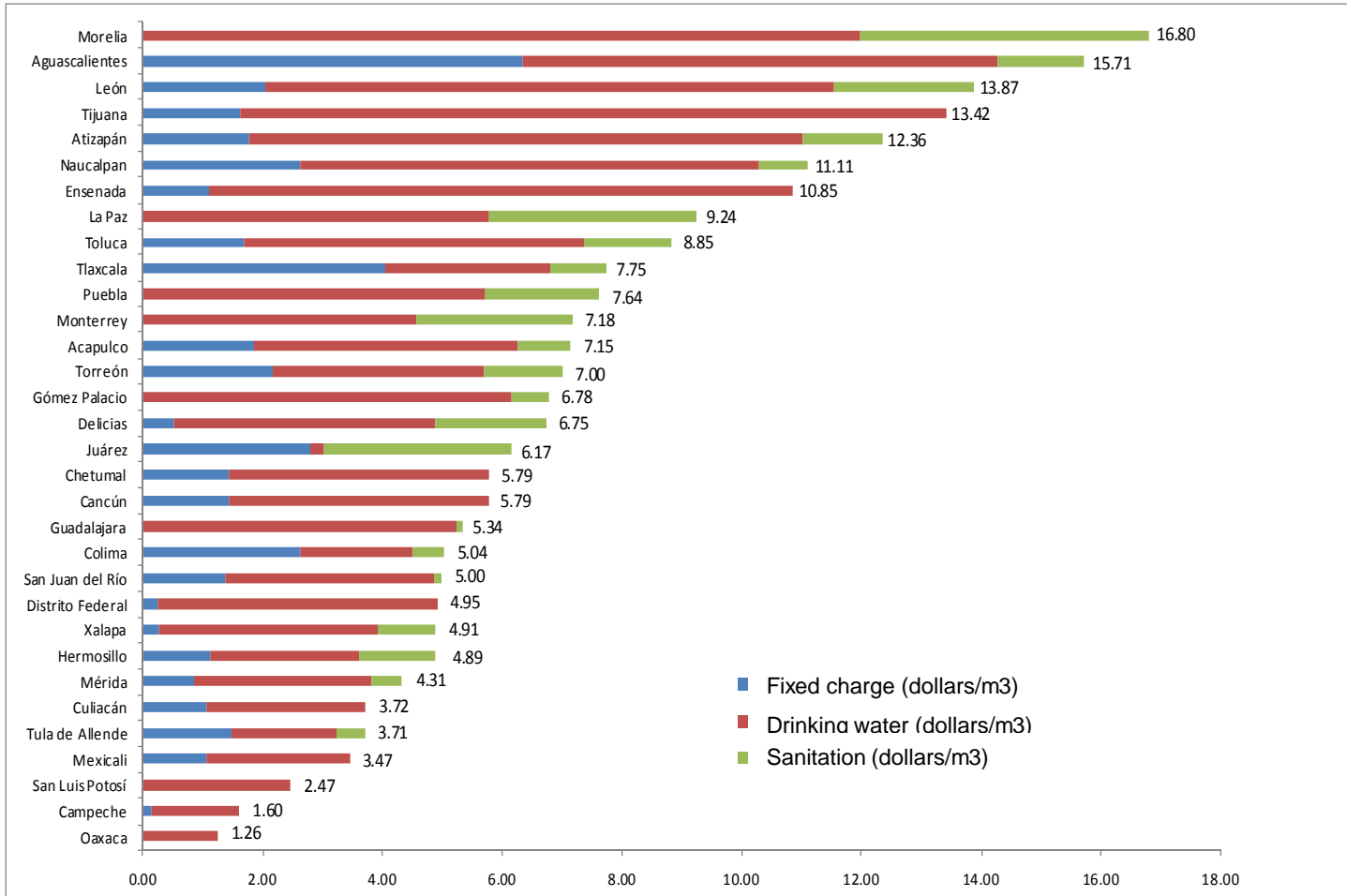
In billion dollars



In the period 2002-2007, the evolution of billing and collection in real terms was on the increase in both cases, billing going from 1.8 to 2.7 billion dollars, whereas collection went from 1.3 to 2.3 billion dollars.

Water tariffs for domestic use, 2008

Sewerage and sanitation tariffs are starting to be charged by water utilities. Usually they do not represent the real cost for providing the service, but is charged as a percentage of the water supply billing.

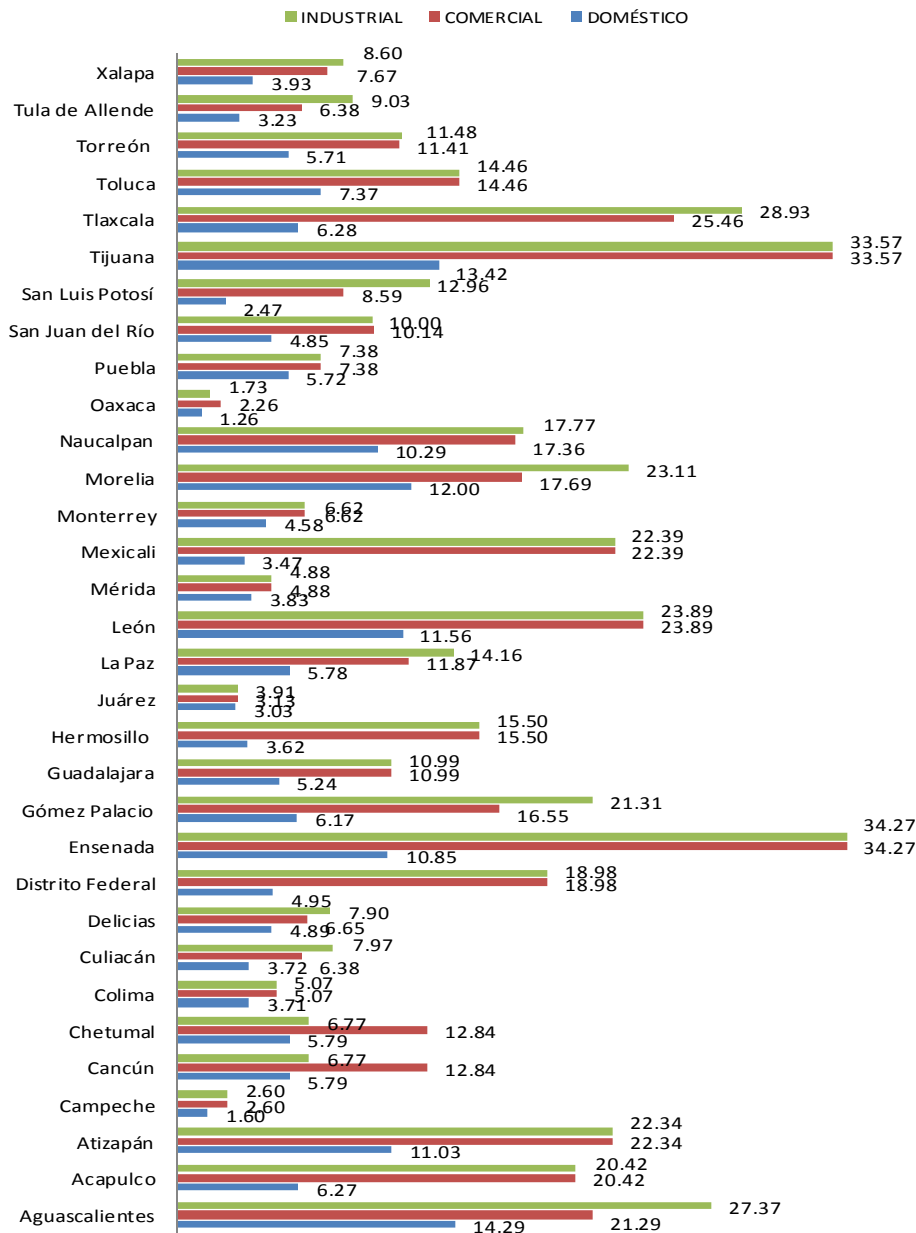


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Commercial, industrial and domestic tariffs show big contrasts between localities and big efforts are been made in order to define tariffs which better represent real costs.



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Regulatory framework

ISO standards are being adopted to certify water utilities which have good performance

A Mexican Standard has been recently published to evaluate the capacity of water tariffs to cover the costs from providing the services



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Challenges

- To develop an adequate policy by promoting the efficiency of water utilities so they can reduce their costs
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- To develop an adequate regulatory framework
- To raise awareness within the population about the need to have tariffs which represent real costs including environmental costs
- To gradually incorporate environmental costs to water tariffs



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Thank you very much

José Luis Luege Tamargo

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