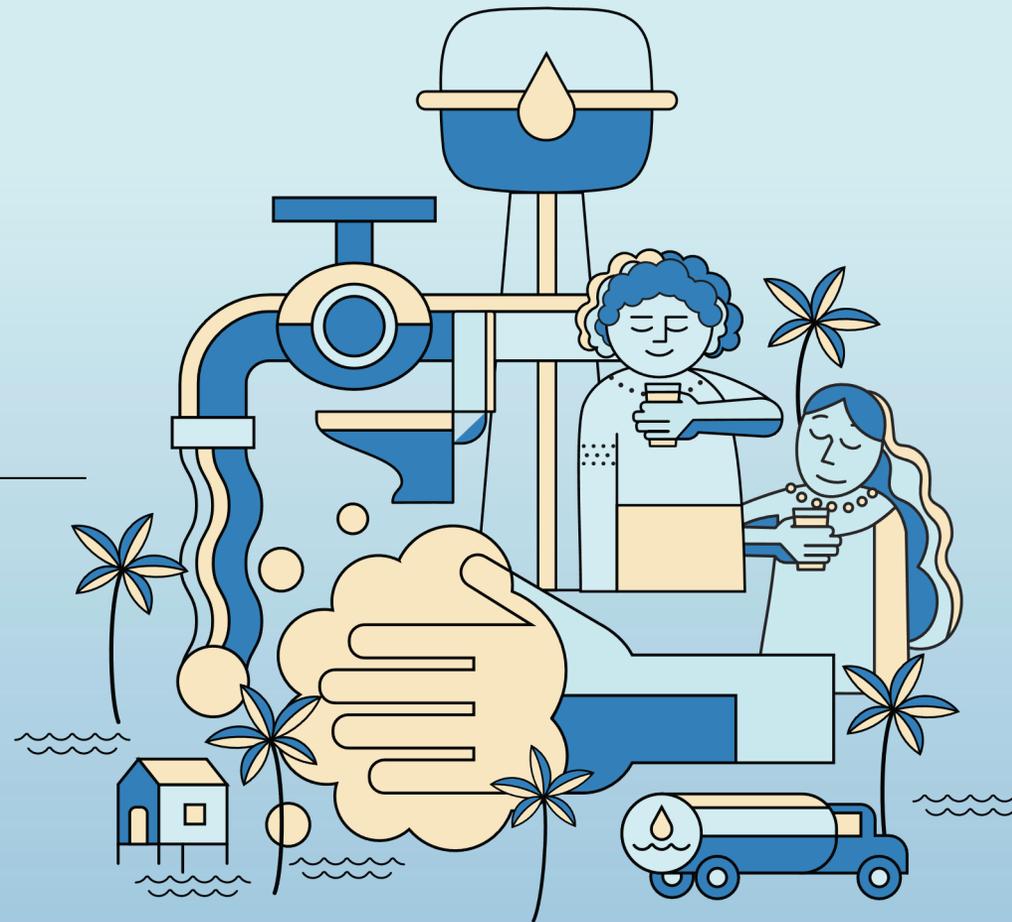


This is not an ADB material. The views expressed in this document are the views of the author/s and/or their organizations and do not necessarily reflect the views or policies of the Asian Development Bank, or its Board of Governors, or the governments they represent. ADB does not guarantee the accuracy and/or completeness of the material's contents, and accepts no responsibility for any direct or indirect consequence of their use or reliance, whether wholly or partially. Please feel free to contact the authors directly should you have queries.

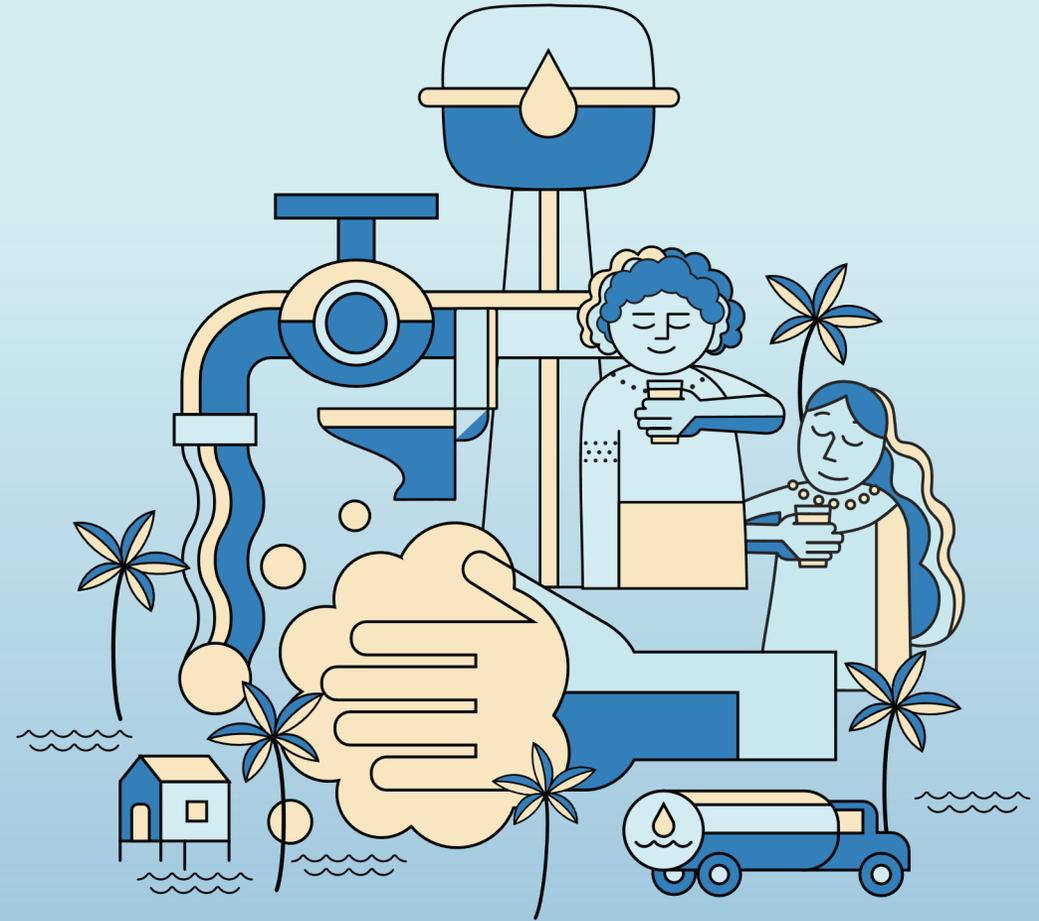
# Pacific WASH

## WEBINARS



# Water Tariffs in the Pacific: A current snapshot of issues

28 February 2024



We will begin shortly.  
Participants, kindly note the following for this seminar

Please rename your Zoom name to:

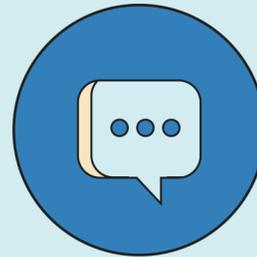
**Name, Org or Project**  
(e.g. Las Fernando, ADB)



**Please turn your mic off  
during the presentation**



**Raise hand  
when you want to talk**



**Use the chat box  
for questions/concerns**



**We have a Q&A portion  
after the presentation**

# Webinar schedule

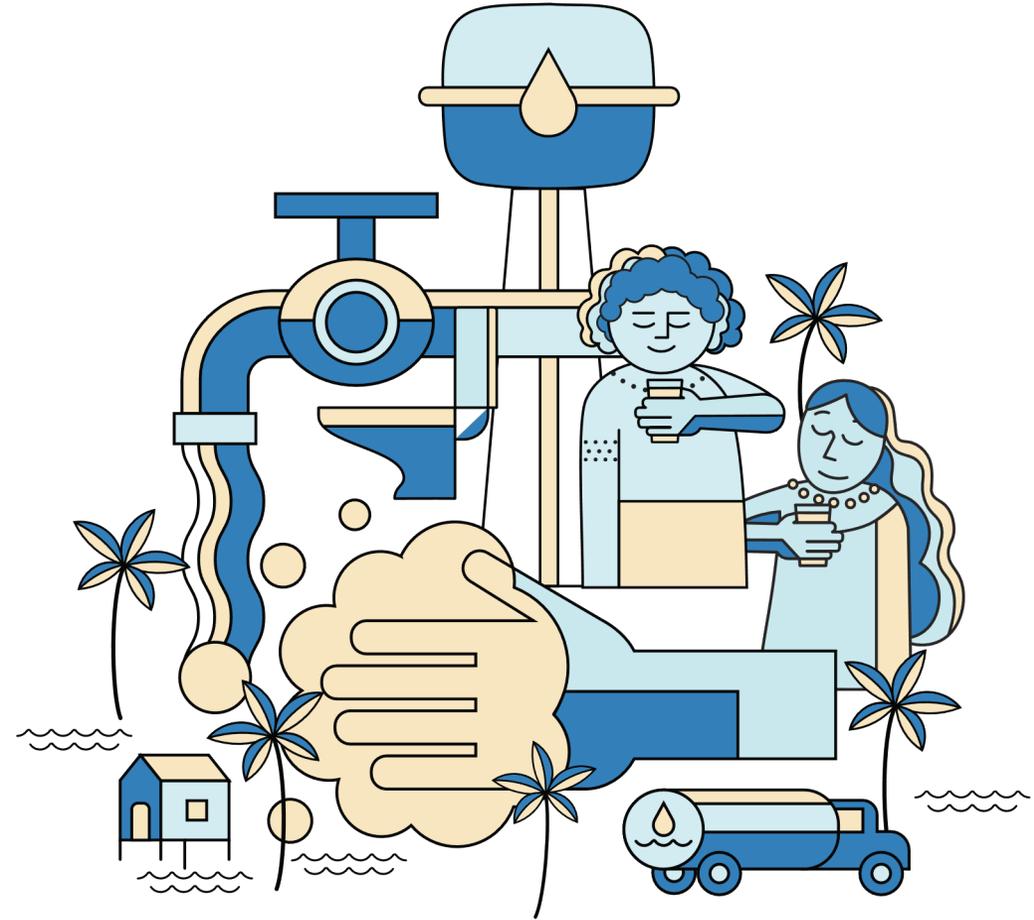
<b>Time (ADST)</b>	<b>Speaker</b>
11.00am	<b>Welcome</b>
11.05am	<b>Opening Remarks</b> <b>Introducing the topic</b>
11.15am	<b>Panel discussion</b>
11.45am	<b>Q&amp;A session</b>
11.55am	<b>Closing, poll and group photo</b>



**Welcome from Asian  
Development Bank**

**Neeta Pokhrel**

Director, Water and  
Urban Development Sector  
Office (Pacific and Southeast  
Asia Team), Sectors Group

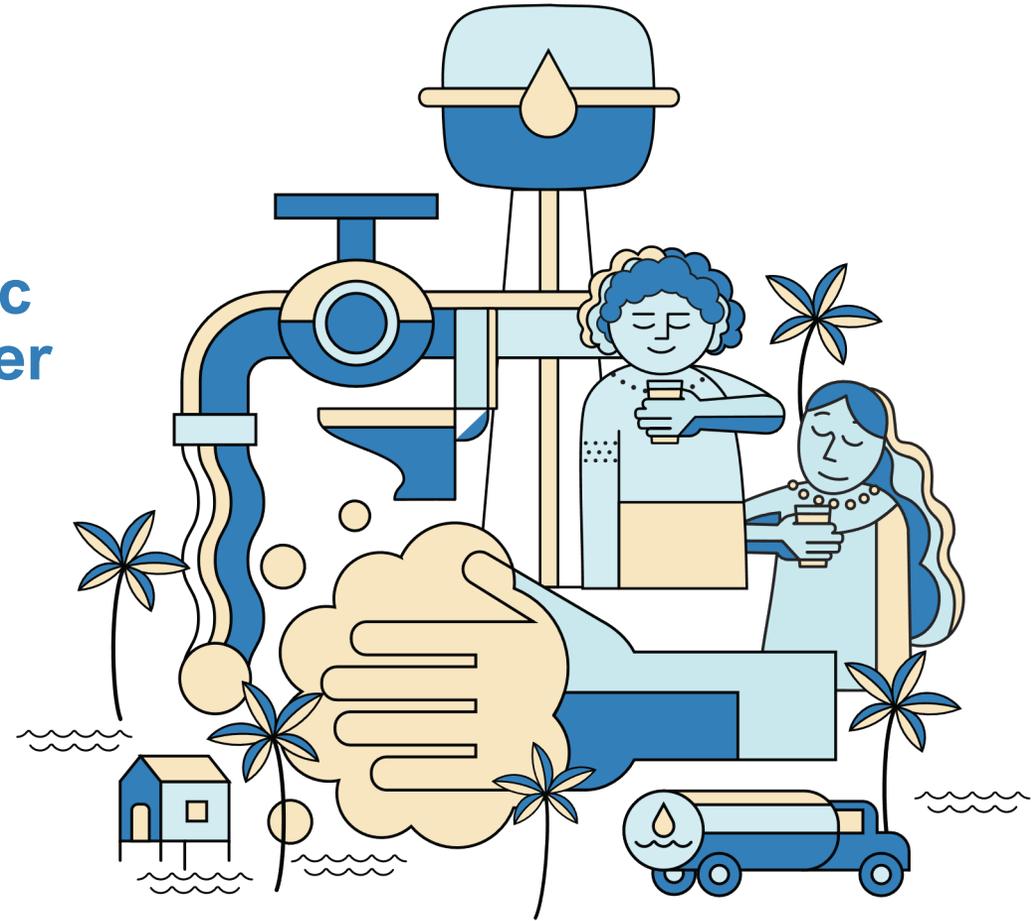




## Welcome from Pacific Water and Wastewater Association

**Lusía Sefo-Leau**

Chief Executive Officer  
Pacific Water and Wastewater  
Association

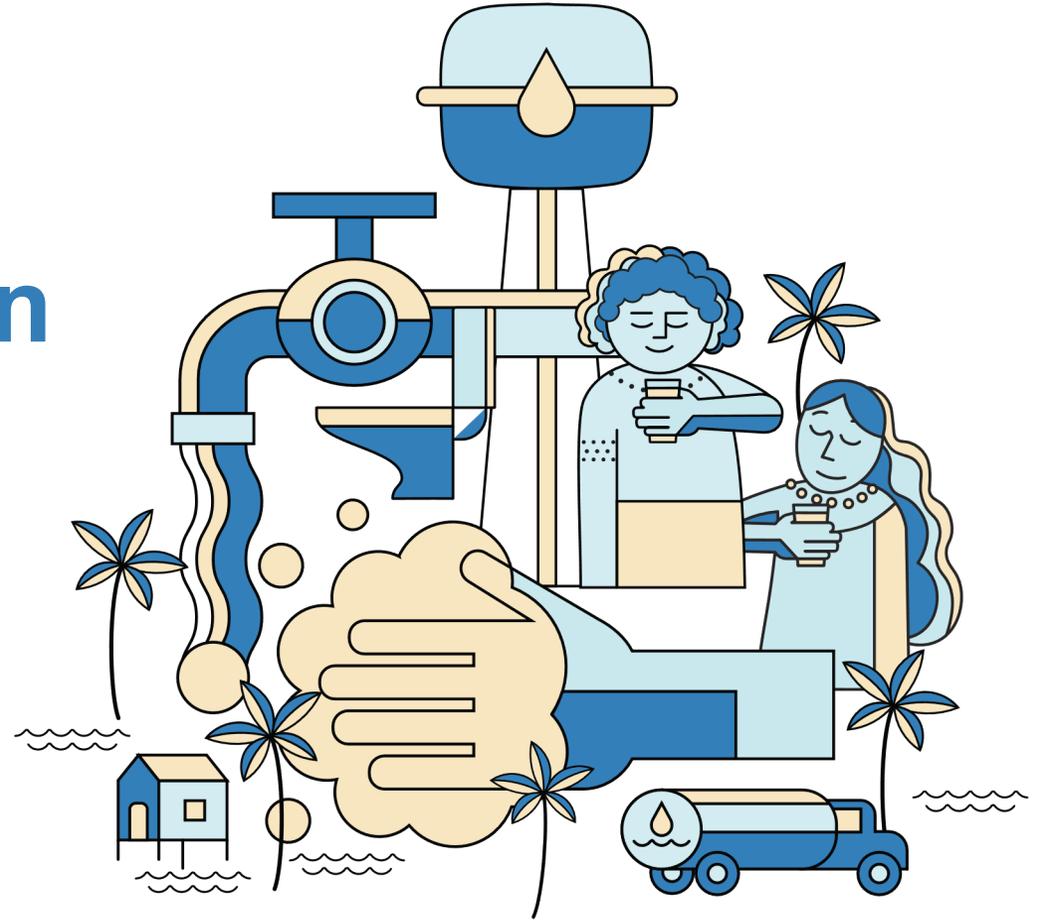


# Overview of regulation and tariff setting

Bronwyn Powell

Team Leader & WASH Advisor

ADB Consultant



# Regulation and tariffs in the water sector

Water is a unique sector because:

- Water is a human right
- It is usually a monopoly business
- Governments and utilities must balance financial sustainability imperatives with public interest outcomes

**The purpose of economic regulation is to set, monitor, enforce and change allowed tariff and service standards for utilities.**

# Types of regulation of water supply and sanitation (WSS) services

WSS National  
or State  
Regulator

Multi-sector  
Regulator

Self-regulation  
at municipal /  
local  
government  
level

Regulation by  
Government  
Department  
(Agency or  
Ministerial)

Regulation by  
contract

Hybrid regulatory models

# Principles for water as a monopoly business

Promote economic efficiency and social equity in the supply and use of water and water supply infrastructure

- *Recover the costs of providing the service* (i.e. the tariff set should be at a level to meet the required or customer expected service standard)
- *Encourage the efficient use of the service* (i.e. prices should be structured to signal the cost of delivery to customers)
- *Signal the cost of augmenting supply* (i.e. take into account future capacity investments)
- Reflect risk

# Introducing the Speakers



**Kasio "Kembo" Mida Jr.**  
*Chief Executive Officer*  
Chuuk Public Utility Corporation



**Seymour Singh**  
*Chief Strategic & Information Officer*  
Water Authority of Fiji



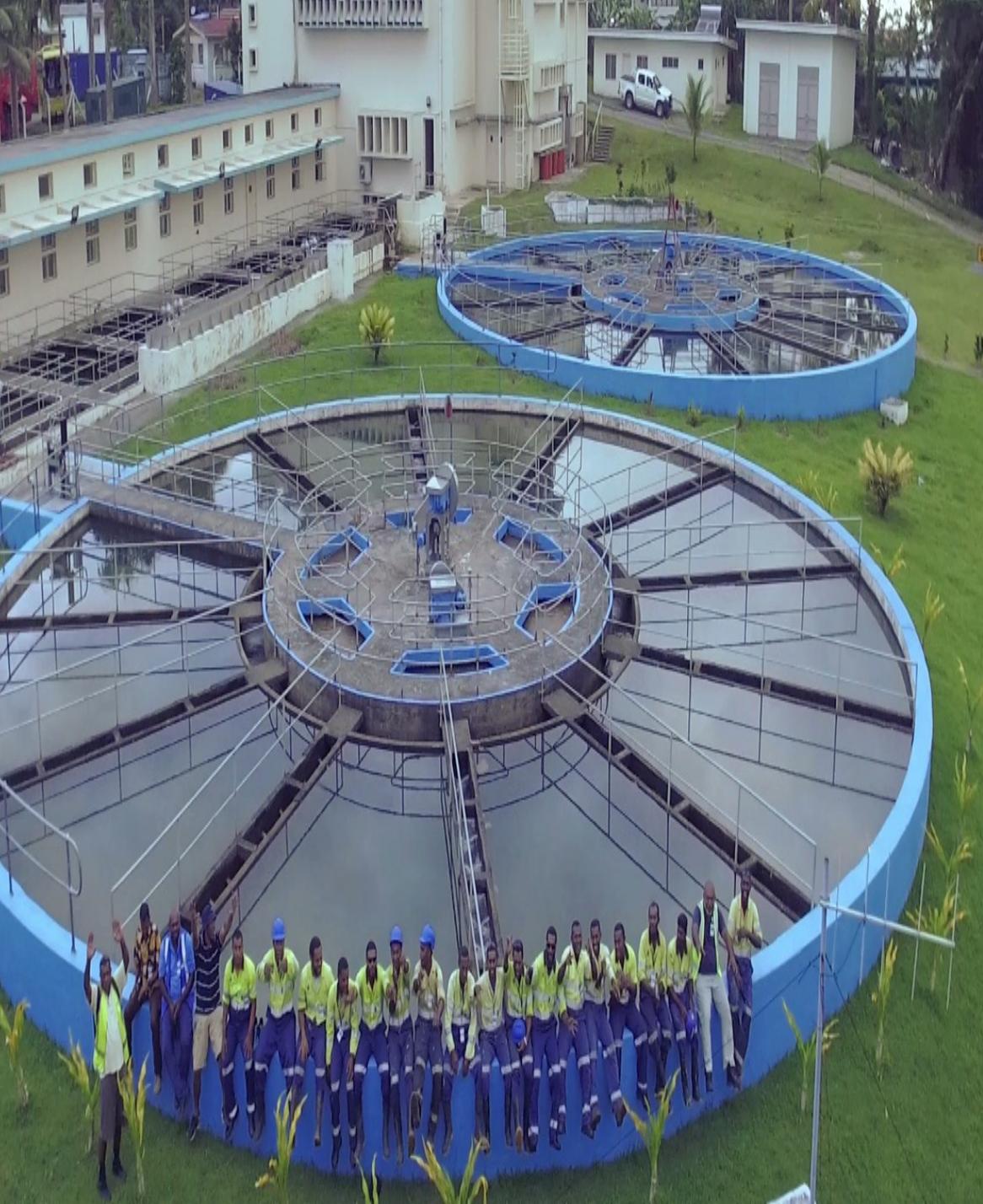
**Joel Abraham**  
*Chief Executive Officer*  
Fijian Competition and Consumer  
Commission



**Kavneel Prasad**  
*Chief Financial Officer*  
Water Authority of Fiji



**Bronwyn Powell - Facilitator**  
*Team Leader & WASH Advisor*  
Asian Development Bank



# **WAF Tariff - *understanding current tariff issues***

Presentation By: Kavneel Prasad  
Chief Financial Officer

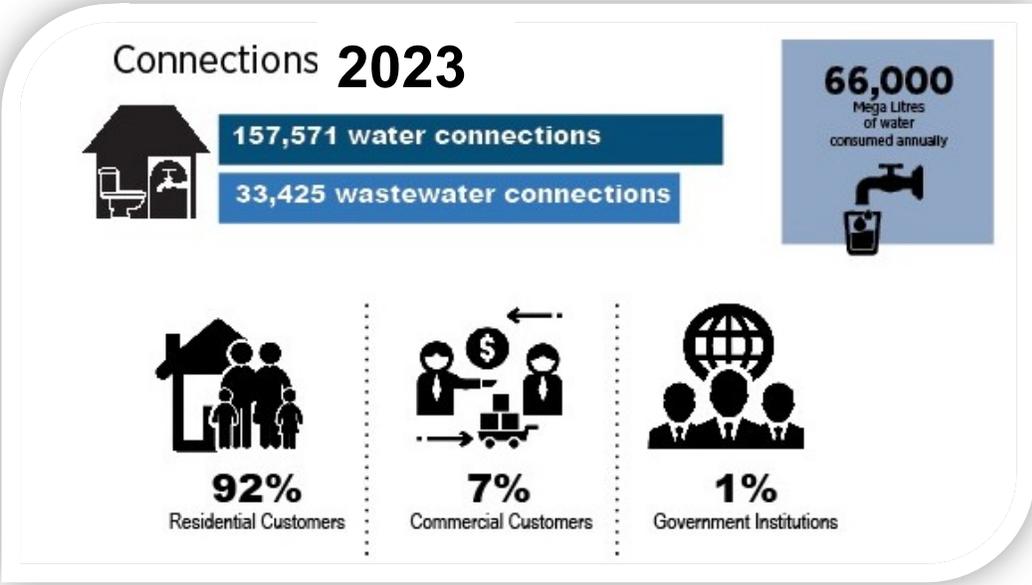
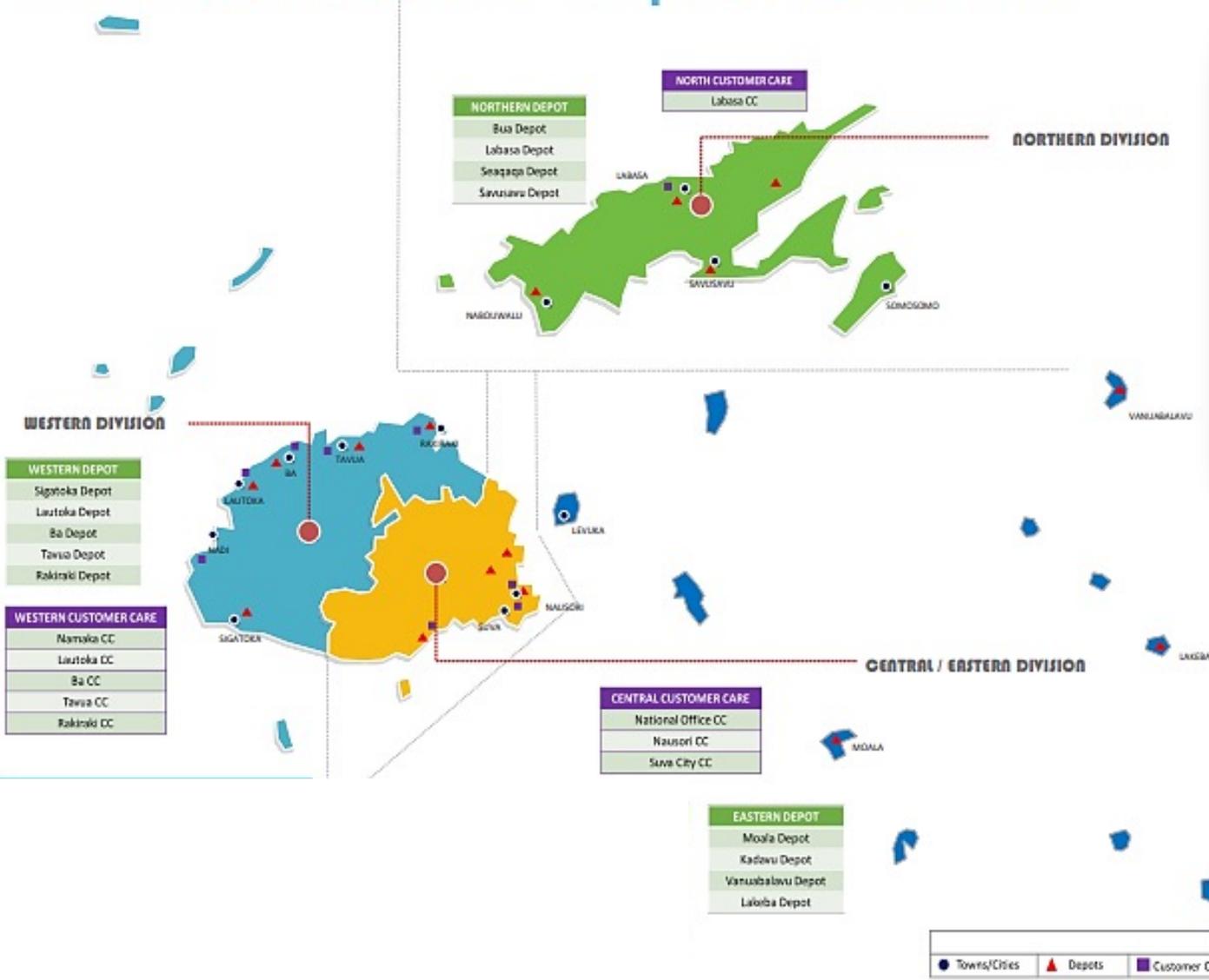


# Purpose

---

- Existing Tariff Structure
- Analysis of the cost-of-service study Report Dated - June 2019
- Challenges & Limitations

# Our Area of Operations

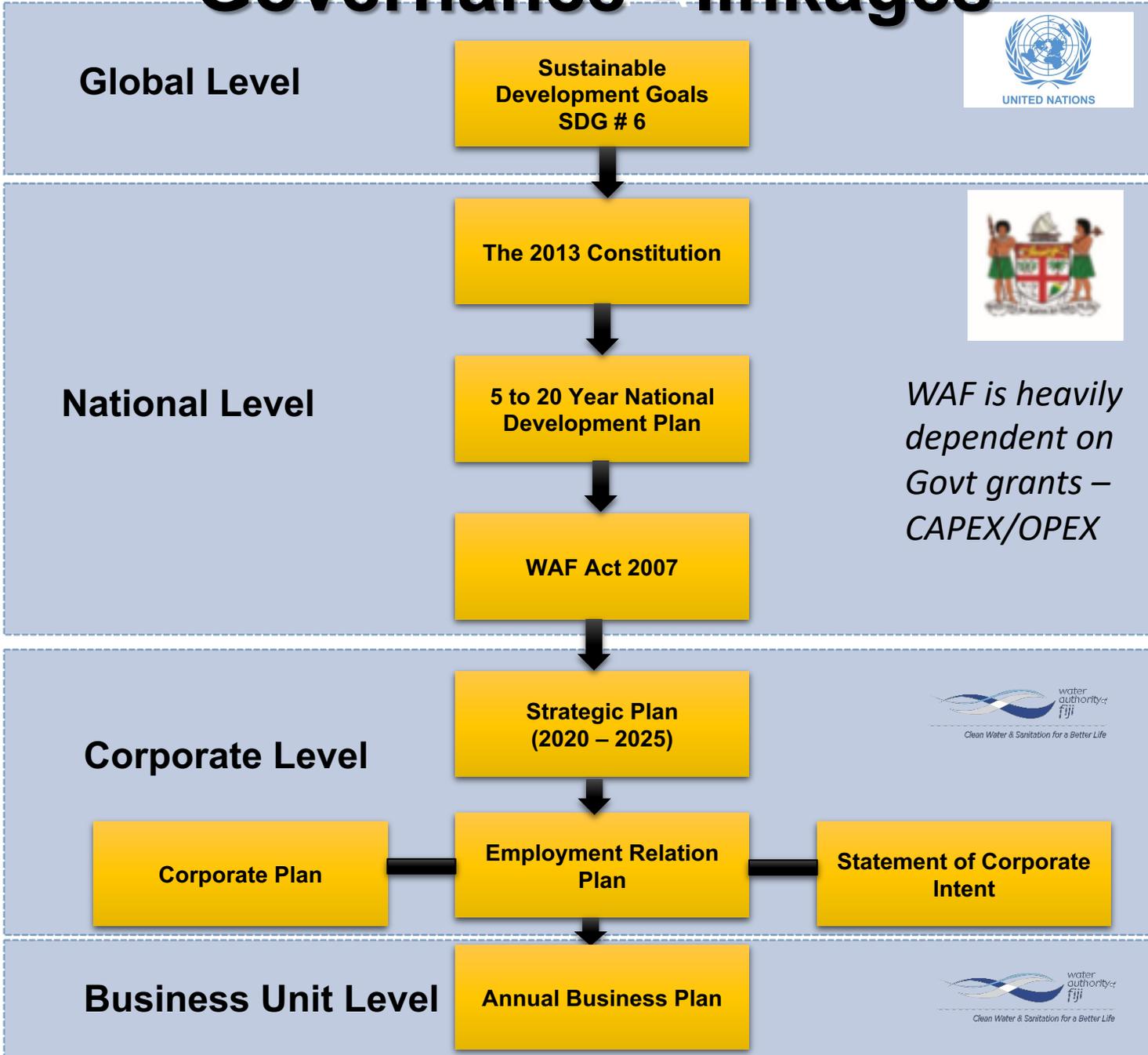


## Service Coverage

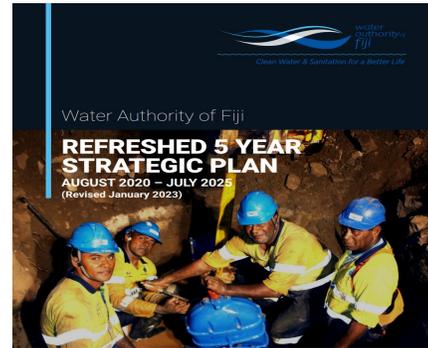
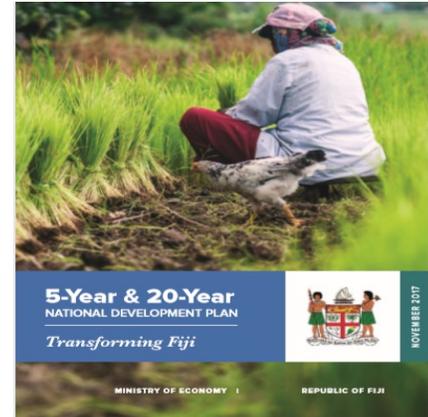
- Water:**
- National** – 82%
  - Urban** – 98%
  - Rural** – 58%
- Wastewater:**
- Urban** – 28%



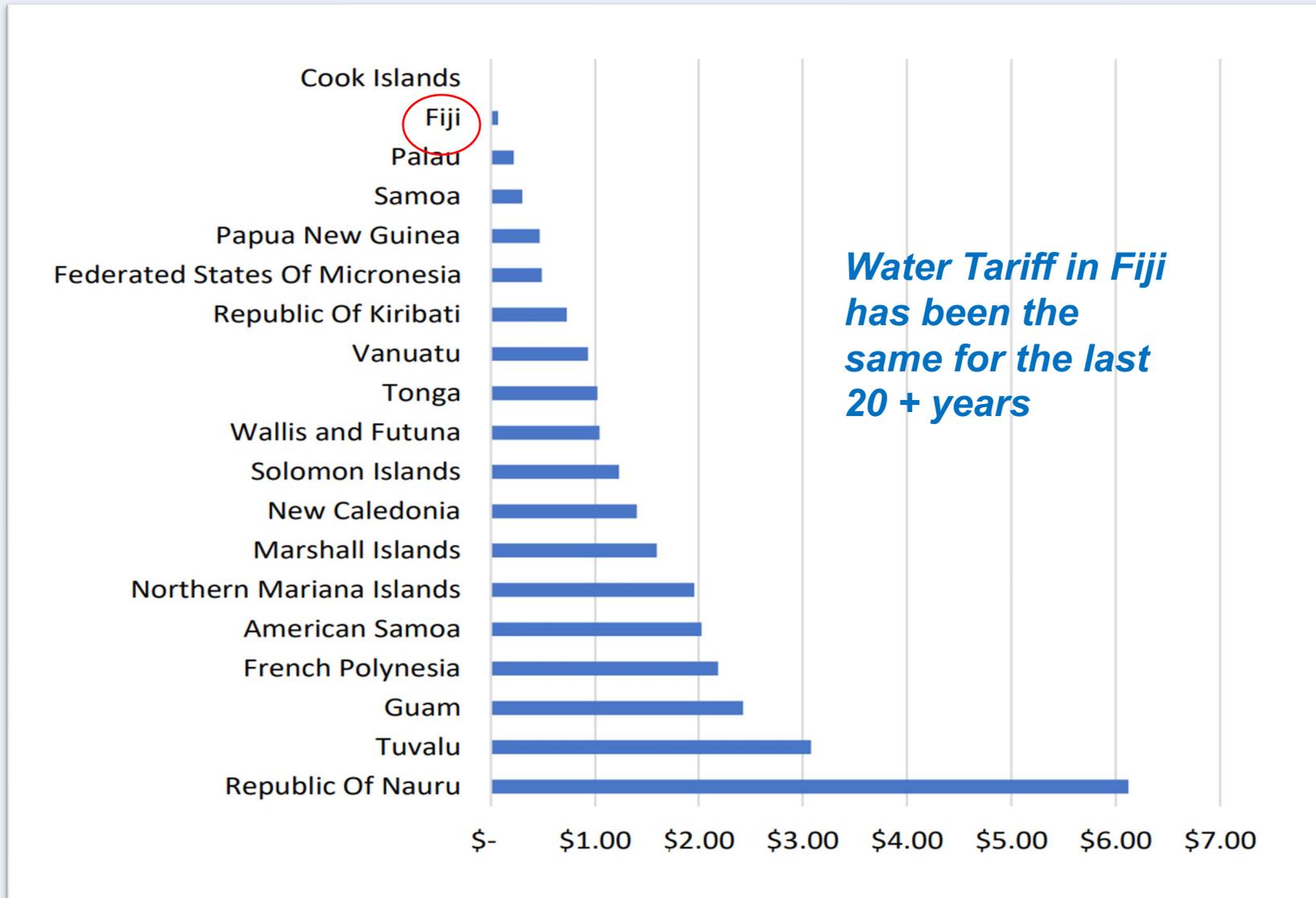
# Governance - linkages



*WAF is heavily dependent on Govt grants – CAPEX/OPEX*



# WAF Existing Tariff Structure



- And the cheapest residential water rates in the Pacific, **15cents for 1000 liters**
- **Production cost now over \$1.20** for the same 1,000 liters of water
- In addition, we have **Free Water allowance** – 151,470 population benefiting from this scheme

# WAF Tariff Structure

## TARIFF RATE /FEES AND CHARGES

DOMESTIC		COMMERCIAL	
0 – 50 units	\$ 0.153	Water	\$ 1.060
51-100 units	\$ 0.439	Sewerage	\$ 0.200
100units	\$ 0.838		
Sewerage (flat rate)	\$ 0.200		

**NB: 1 UNIT - 1000L**

DOMESTIC WITH FREE WATER ALLOWANCE		GOVERNMENT- Schools/Place of Worships	
0 - 23 units	\$ 0.000	Water	\$ 0.529
24 – 50 units	\$ 0.153	Sewerage	\$ 0.200
51-100 units	\$ 0.439		
100units	\$ 0.838		
Sewerage (flat rate)	\$ 0.200		

WATER RATES CHARGES		NEW CONNECTIONS APPLICATION FEE	
Reconnection Fee	\$ 10.00	Domestic	\$ 21.95
Testing Fee	\$ 12.75	Commercial	\$ 101.00
SP Disconnection Fee	\$ 10.00		
SP Reading Fee	\$ 9.88		

**FJ\$42 million**  
Revenue p/annum  
(USD \$21m)

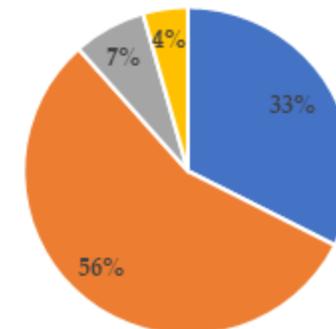


**15 cents**  
for 1000 litres of water (Domestic Tariff Rate) - cheapest in the Pacific.  
A bottle of 1 litre water cost an average \$1.10



**238 l/p/d**  
usage per person  
This needs to reduce in order to conserve water.

Collection By Charge Class



■ Commercial ■ Residential ■ Institutional ■ Others

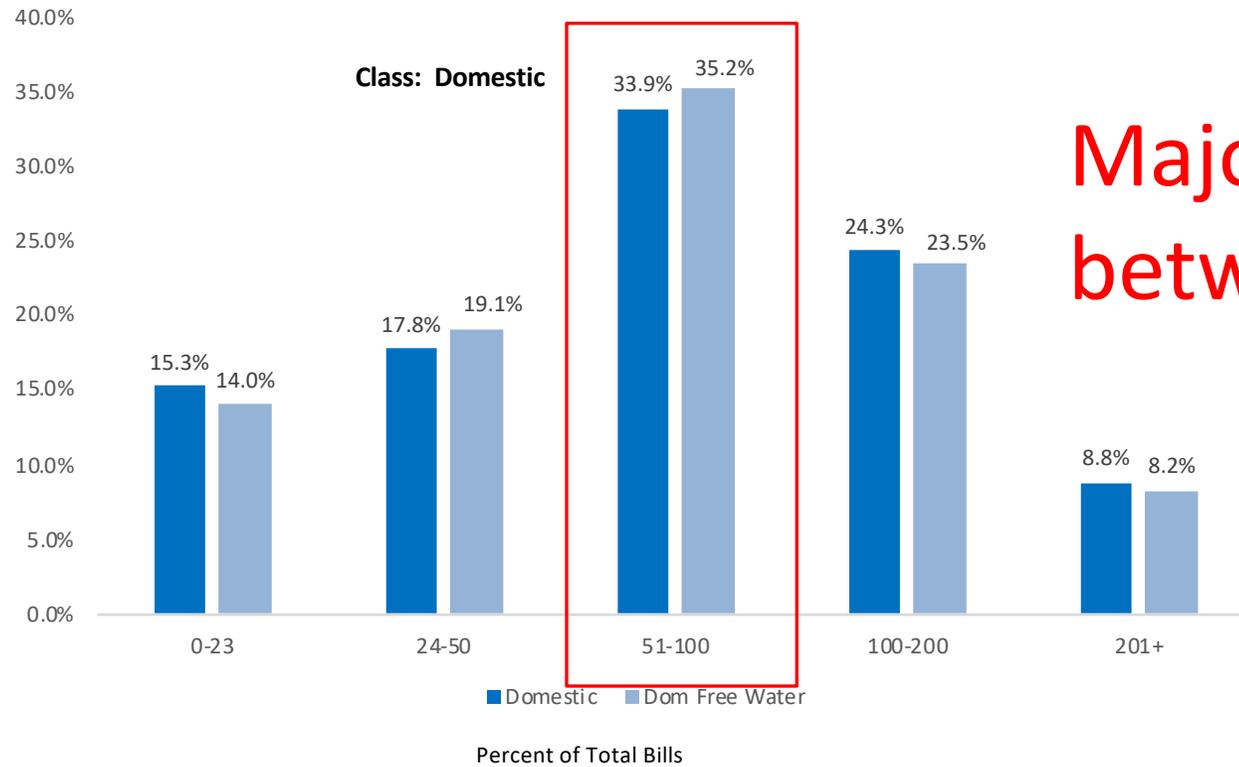
**Average tariff**  
 – FJ \$25 for 3 months  
 (US\$12 / 3 months)

Quarterly Usage (m3)	WATER Only		WATER/WASTEWATER
	Domestic Free Water	Domestic	Domestic
10	\$ -	\$ 1.53	\$ 3.53
23	-	3.52	8.12
50	4.13	7.65	17.65
90	21.69	25.21	43.21
150	67.98	71.50	101.50

- Note: 1 unit/ 1 cubic meter = 1,000 liters of water

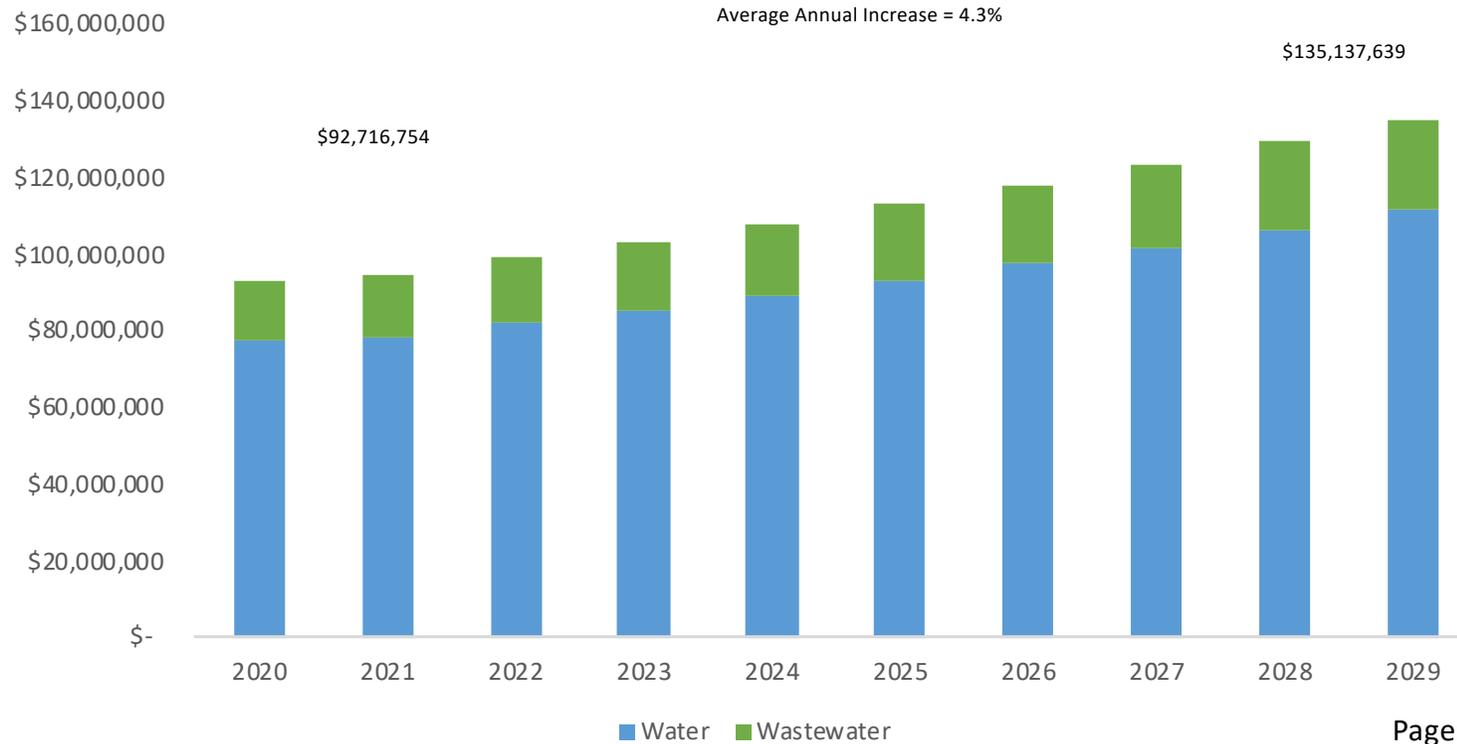
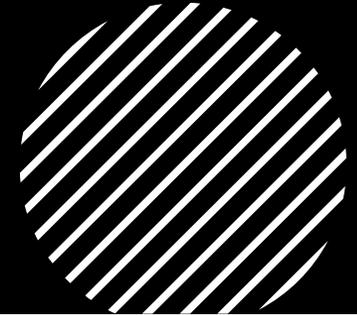
Quarterly Charges at Current Tariffs

# Consumption by Usage Block :



Majority consumption between 51-100 units

# Water and Wastewater Forecast Cost of Service



**National Budget 2023/24**

**\$53.9M**  
Water Programme

**\$51.2M**  
Rewa River Viria Water Project

**\$6.4M**  
Wastewater Programme

**\$4.8M**  
Asset Management Programme

**\$4.6M**  
Digital Transformation Programme

**\$250.8M**  
Water Authority of Fiji

\* Full details on Fiji Government website

# WAF Financial Challenges

Tariffs are the lowest in the region and among the lowest in the world

Domestic tariffs have not been increased in almost 20 years

Revenues from tariffs are not even covering basic operating costs – either in total or by customer class

WAF continues to depend heavily on government subsidies to cover its operating and capital expenses

Without tariff revisions WAF cannot fund any of the \$1.4 billion in capital investment required in the next decade



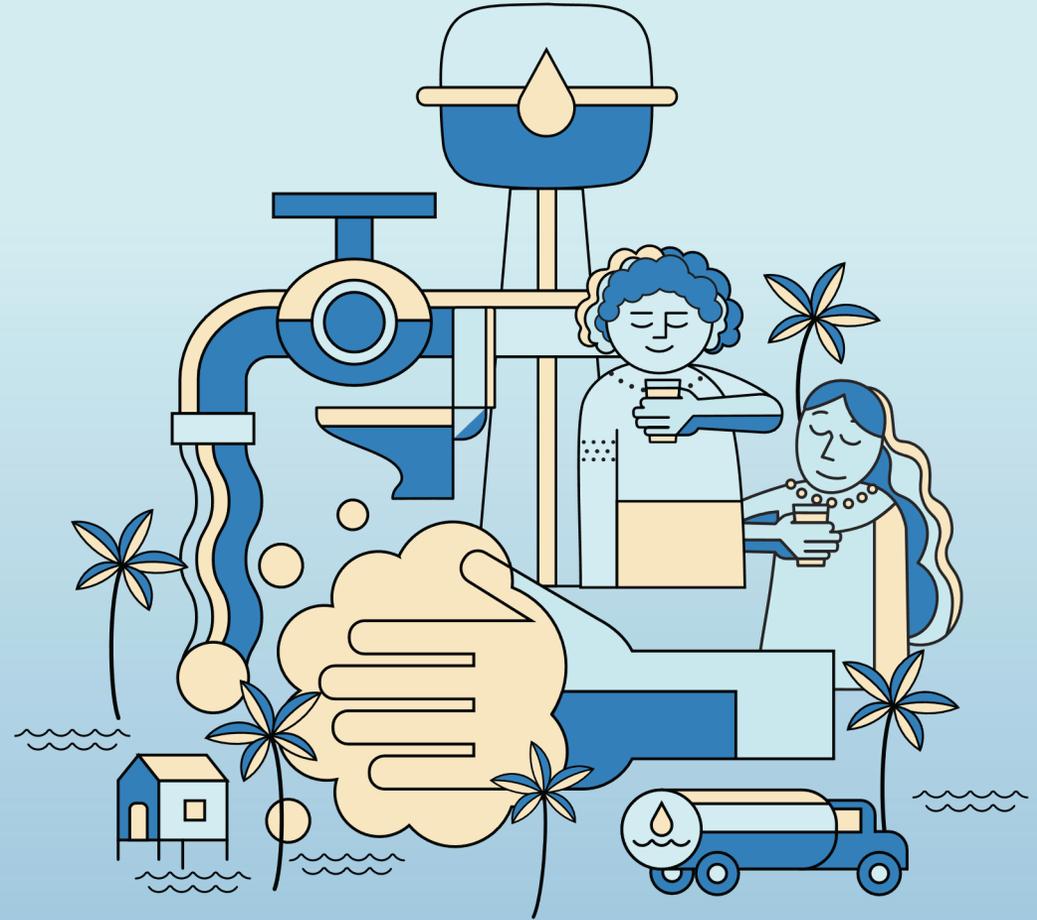
water  
authority of  
fiji

*Clean Water & Sanitation for a Better Life*

**VINAKA**



## Panel Discussion



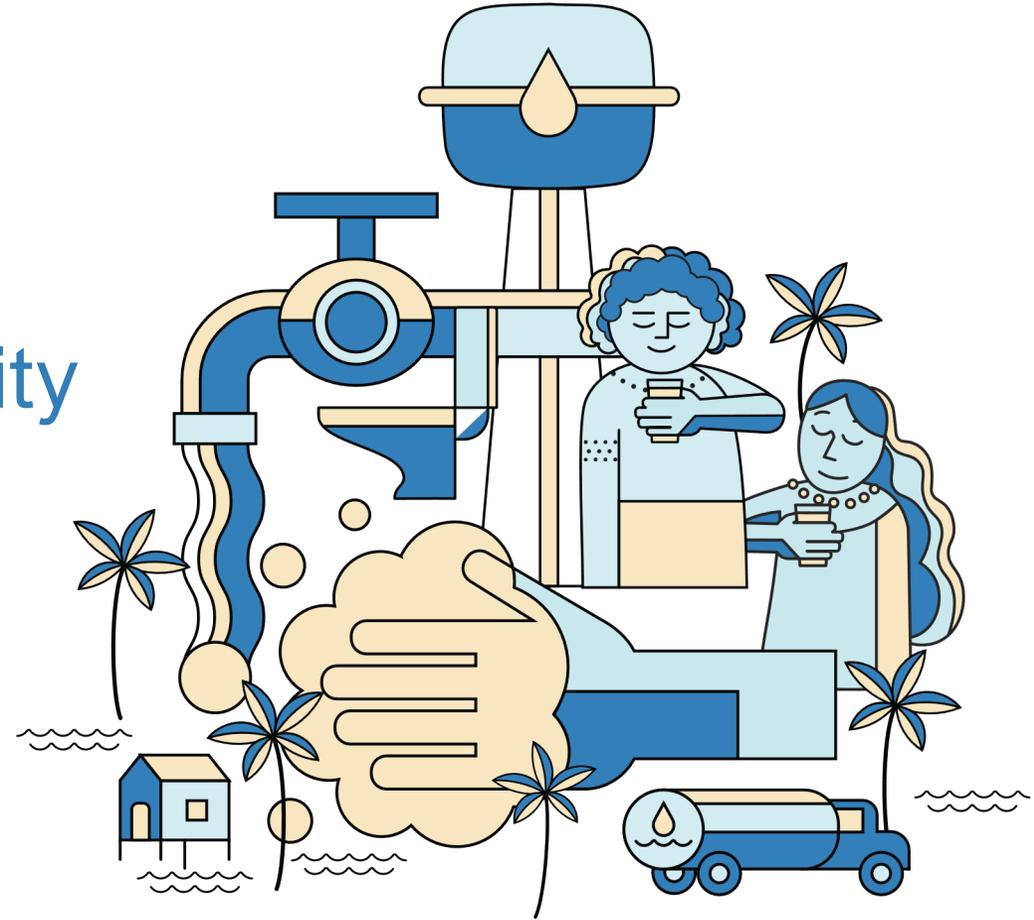
## Takeaway messages

- A ‘best fit’ regulatory system suits the country’s policy, institutional and political economy context
- There is no ‘one size fits all’
- The regulatory / institutional framework is as important as the tariffs themselves
- Seek solutions that:
  - Improve financial sustainability
  - Improve service provider performance
  - Ensure pro-poor mechanisms
  - Increase accountability, transparency and customer involvement

## Next Webinar:

### Operationalizing tariffs to ensure equity and affordability

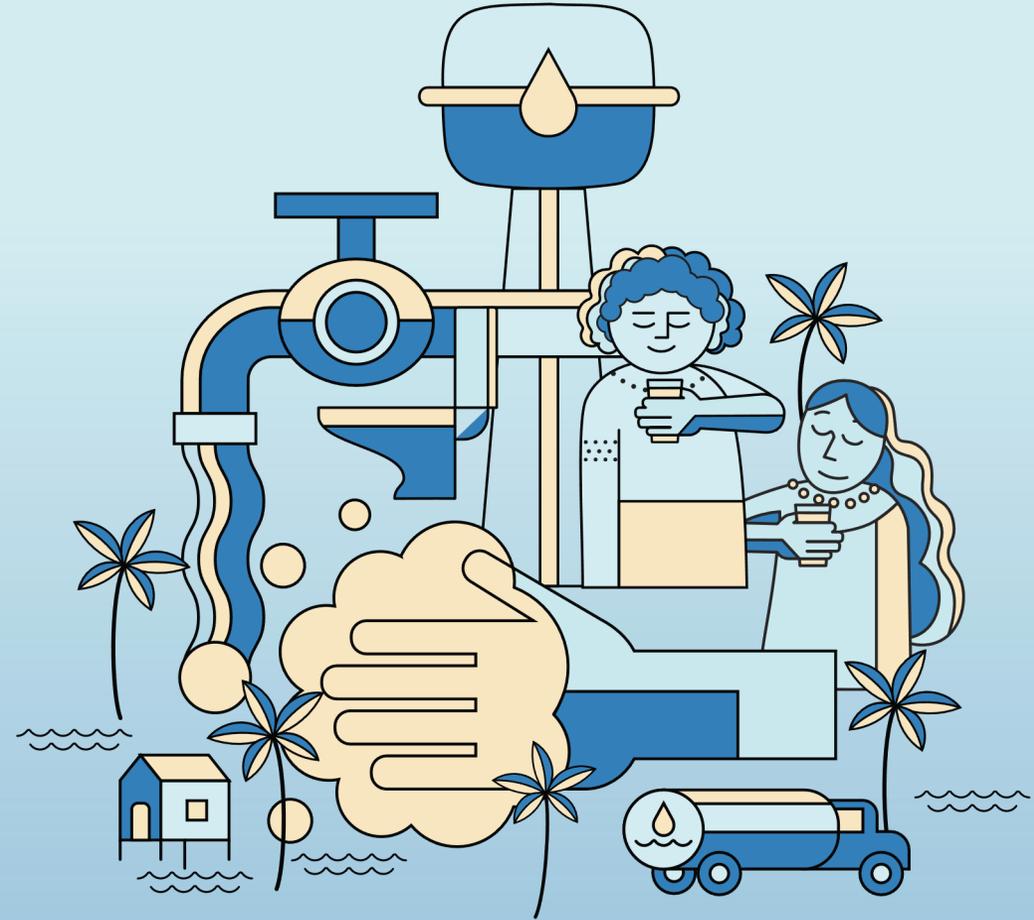
- Pro-poor mechanisms
- Tariff setting for different customers
- Tariff collection challenges
- Customer engagement & communication



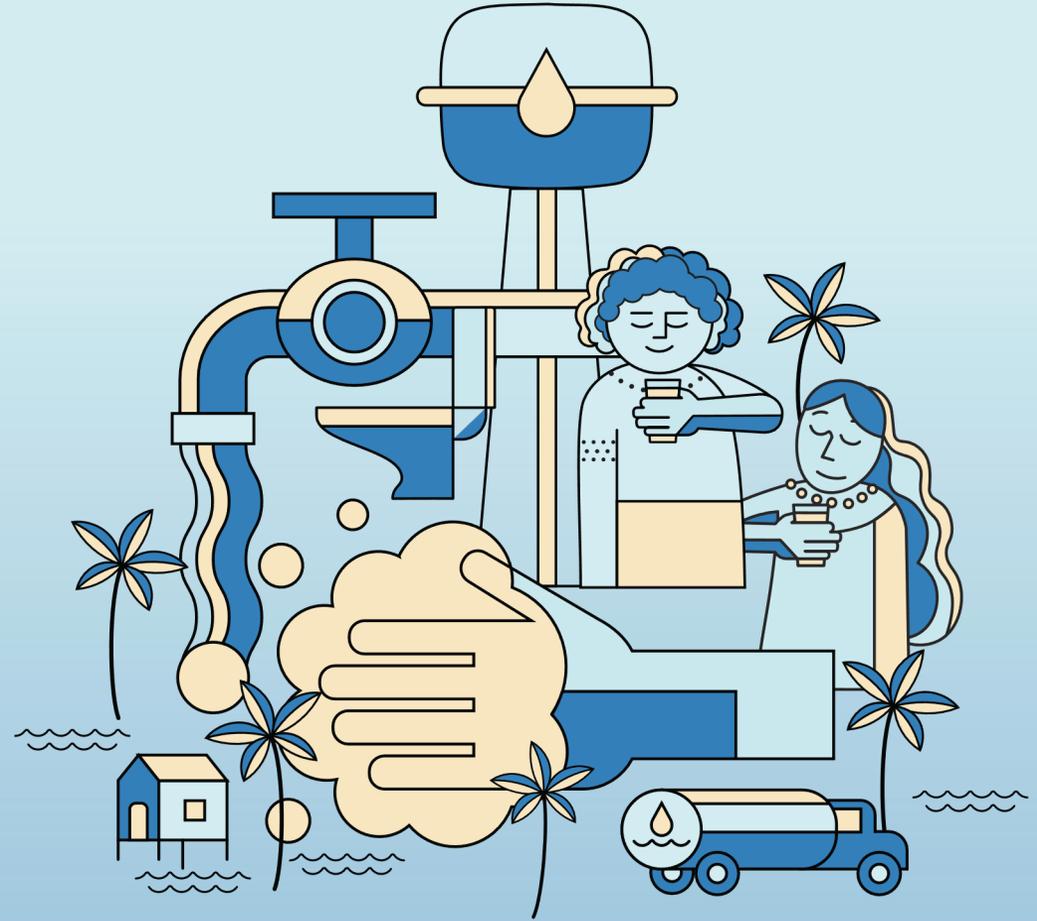
**17 April 2024**

## Poll

1. Did today's webinar expand your knowledge/skills on the topic discussed?
2. Did you learn something in today's webinar that you can use in your work?



# Group photo



# Thanks for Watching

Available online:

<https://events.development.asia/learning-events/water-tariffs-pacific-current-snapshot-issues>

