
GLOBALIZATION AND WATER MANAGEMENT: THE CHANGING VALUE OF WATER

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THE SUBSIDIZATION OF WATER SUPPLY AND SEWAGE TREATMENT

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ABSTRACT:

Challenges facing water and sewage utilities include expanding populations, cutbacks in grants, increasingly stringent environmental regulations and increasing uncertainty regarding raw water supplies. This paper examines whether the way in which water and sewage utilities' account for their costs is a factor contributing to their problems. This paper identifies a number of ways in which utilities' cost accounting is incomplete from a social point of view. The sources of the unaccounted costs include the value of raw water, the opportunity cost of land holdings and investment in plant and equipment, the emphasis on historical capital costs and the harm caused by utilities' pollution. Based on the analysis of a representative Canadian water and sewage utility, it is found that the range of unaccounted for costs is between 32.0%

KEY TERMS: Water cost, value of water, water utility.

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