

# USE OF RESOURCE COST

# GENERAL ECONOMIC FRAMEWORK

In the Republic of Srpska, the financing of water management is regulated by the Law on water of the RS

Within the LOW the following sources of funds is intended for the performance of duties and tasks set out in the Act: (i) a special water charges; (ii) income from the lease of public water resources; (iii) the budget of the Republic of Srpska, budgets of cities and municipalities; (iv) the loan proceeds; (v) grants and other funds in accordance with the law.

The calculation and payment of water charges in the Republic of Srpska is regulated by the Water Act and the Ordinance on the method of calculation, the procedure and terms for calculation and payment and control remit to the special water charges is regulated **by laws** acts : Ordinance on the manner of method sof determining the level of pollution of wastewater as a base for determining water charges, Regulation on the manner, procedure and terms for calculation and payment, and delaying payment of special water charges and the decision on rates and special water charges.

# SPECIAL WATER FEES RS

- ▶ Special Water Fees–charges represent the public revenue and own revenue of the agencies and are the main source of funding of the PI "VOĐE SRPSKE" . Pursuant to Article 190 of the Water Law and Article 43. stav 3<sup>rd</sup> Law on the Government of the Republic of Srpska, RS Government at its session 5.may.2011. made a decision on the rates of special water charges .Special water fees–charges were determined in four groups:
  - ▶ a) fee for the abstraction of surface and groundwater
  - ▶ b) fee for electricity generated by hydropower
  - ▶ c) fees for water protection
  - ▶ d) fee for extracting material from watercourses
- ▶ The basis for the collection of water charges is contained by the "polluter pays" and "user pays" principle, in accordance with the Water Framework Directive. Accordingly, the data taken from the IWMS 2014, submitted by the Ministry of Agriculture, Water and Forestry, and based on the information obtained on the basis of a questionnaire concerning the harmonization of BiH legislation with the EU directives, it can be concluded that, under the current situation and at the pace at which the funds are collected for the financing of projects in the water sector of BiH, the required standards in this field will not be reached prior to 2030.

**NOTE General water Fees Not exist in RS.**

# DISTRIBUTION

- ▶ As given in the Article 194 of the Law on Water the allocation of water fees performed as follows:
- ▶ “(1) Water fees from Article 189 and revenues collected based on rental of public water property are monitored by Ministry for each district river basin separately, and competent authority, and fees from the said Article, except for those given under point c) sub point 1), 2) and 3) of item 1. Article 189 are allocated by competent authority in the following way–water abstraction:
  - ▶ a) 70% on special purpose account for waters
  - ▶ b) 30% on special purpose account of local self– government unit.
- (2) Fees under point c) sub points 1), 2) and 3) of item 1 of Article 189 are allocated by competent authority in the way that–water pollution:
  - ▶ a) 55% on special purpose account for waters,
  - ▶ b) 15% on special purpose account for environmental protection of Republic of Srpska and
  - ▶ c) 30% on special purpose account to budget of local self– government unit.”

- ▶ The distribution of the collected funds is regulated by the Law on Water and is carried out between the PI "VODE SRPSKE", Environment Fund of the RS and municipalities. Part of the funds which belong to the PI "VODE SRPSKE" should be harmonized with the Law on Water, for:
  - (i) the duties and tasks of PI "VODE SRPSKE" in accordance with the Law on Water,
  - (ii) maintaining protection facilities owned by the RS
  - (iii) other tasks and activities which have been entrusted to the PI "VODE SRPSKE" for water and
  - (iv) financing of PI "VODE SRPSKE".
- ▶ Part of the revenues allocated to the municipality is used to co-finance the construction and maintenance of water supply facilities as well as other activities related to water management (technical documentation, documentation for concessions, etc..).
- ▶ Revenues from the Fund for Environmental Protection of the RS are used exclusively for carrying out the tasks in this Act delegated to the ministry responsible for the environment and for co-financing for water protection infrastructure the the RS believes is important. Here it is important to note that the water protection fee that is set a side as a percentage of 15% is allocated exclusively from the group special water fees for water protection.

# TYPE OF INCOME-FEES

No	Type of income	CODE
1	Fee for drinking water in public water supply	722442
2	Fee for water for other purposes and the other cases use for human consumption	722443
3	Fee for water for self water supply	722444
4	Fee for water and mineral water used for bottling	722445
5	Water protection fee paid by owners of transport vehicles that use oil	722446
6	The fee for waste water discharge	722447
7	The fee for electricity generated by hydropower	722448
8	The fee for the use of artificial fertilizers and chemicals for artificial plants	722457
9	The fee for the material extracted from watercourses	722463
10	Fee for water for fish farming	722464
11	Fee for water industrial processes, including thermal power plants	722465
12	Fee for fish farming in cages submerged in surface waters	722469
13	Fee for the lease of public goods - legal and natural persons	721221

Type of water fee	Water fee	Reference
<b>Abstraction of water for public water supply</b>	0.01 KM/m <sup>3</sup> of abstracted water	
<b>Abstraction of water for self water supply population</b>	0.01 KM/m <sup>3</sup> of abstracted water	
<b>Abstraction of water and mineral water used for bottling</b>	2.00 KM/m <sup>3</sup> of abstracted water	
<b>Abstraction of water for industry, including power plants</b>	0.02 KM/m <sup>3</sup> of abstracted water 0.03 KM/m <sup>3</sup> of abstracted water (power plants)	
<b>Abstraction of water for fish farming</b>	0.0001 KM/m <sup>3</sup> of abstracted water	The value changed with the Decree amending the Decree on Water Charges (previous 0,001KM/m <sup>3</sup> )
<b>Abstraction of water for irrigation</b>	0.002 KM/m <sup>3</sup>	The value changed with the Decree amending the Decree on Water Charges
<b>Abstraction of water for other purposes</b>	0.01KM/m <sup>3</sup>	
<b>Means of transport used oil or petroleum products</b>	2.00 KM/ES	
<b>Wastewater discharge</b>	2.00 KM/ES	
<b>fish farming</b>	0.05 KM/kg of fish produced	
<b>Artificial fertilizer use</b>	0.005KM/kg produced or imported artificial fertilizers	
<b>Chemical use for crop protection</b>	0.075KM/kg manufactured or imported chemicals for crop protection	
<b>Water use for the production of electricity from the use of hydropower</b>	0.001 KM/kWh energy produced	
<b>Material removal from watercourses</b>	1.5 KM/m <sup>3</sup> material extracted	

**Draft water tariff policy framework in BiH**

**Draft guideline procedure for determination of water fees in BiH**



# 1. TARIFF SETTING METHODOLOGY FOR WATER SUPPLY AND SEWERAGE SERVICES IN BOSNIA AND HERZEGOVINA

United Nations Development Programme (UNDP)

## STUDY ON THE BEST ADMINISTRATIVE POSITIONING OF THE REGULATORY BODY IN THE PROCESS OF TARIFF SETTING OF COMMUNAL AFFAIRS OF WATER SUPPLY AND WASTEWATER COLLECTION AND TREATMENT SERVICES

United Nations Development Programme (UNDP)

The uniform tariff structure addresses the largest problem identified across BiH – the low water tariffs.

1. "The lowest basic price of water services" is the basic water price that ensures full cost recovery of water services, in addition to the cost of construction of municipal water infrastructures, and is calculated according to the formula:

$$LBP = TC/V$$

TC – the amount of planned annual costs as specified, expressed in convertible marks;

V – the planned annual volume of service as expressed in the unit of measurement of delivered water services (m<sup>3</sup>);

### 2. Costs of water services

Material costs; Wage costs; Cost of depreciation of fixed assets Cost of the concession fee, when the supplier of water services is concessionaire if applicable, or cost of rental fee; Cost of production services; Financial costs; Costs of value adjustment of current assets; Special water fee for abstraction of waters; Special water fee for protection of waters;

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Fixed and variable parts of the basic price of water services

- The fixed part of the lowest basic price of water services covers those costs that do not depend on the amount of delivered water services, specifically:
  - Readings of water meters; Processing the read data, as well as the preparation and delivery of bills of water services; Calibration and servicing of water meters;
  - Testing and maintaining the quality and safety of drinking water.
- The variable part of the lowest basic price of water services depends on the amount of delivered water services. The variable part of the lowest basic price of water services is calculated according to the formula:

$$LBP_v = (TC - F) / V$$

LBP<sub>v</sub> – the variable part of the lowest basic price of water service, expressed in convertible mark per unit of delivered water service (m<sup>3</sup>);

TC – the amount of planned annual costs specified, expressed in convertible marks;

F – the annual amount of costs referred.

V – the planned annual volume of services is expressed in the unit of measurement of delivered water services (m<sup>3</sup>).

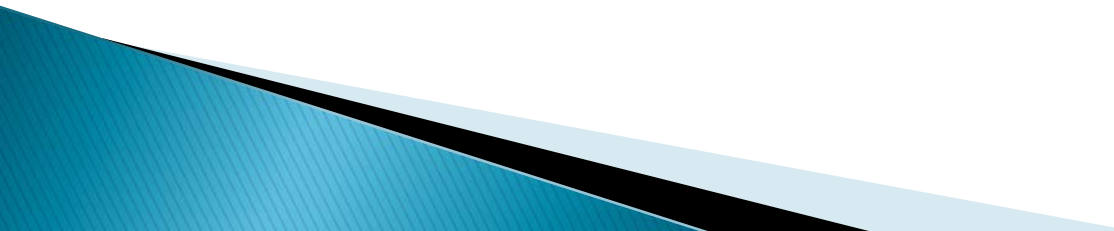
Accounting rules of revenues and costs

2.

The following sub-tasks of water management in the river basins are anticipated to considerably expand:

- ☐ Preparation of strategic planning documentation
- ☐ Water monitoring
- ☐ Water information system (WIS)
- ☐ General activities of water management
- ☐ Public involvement and awareness raising
- ☐ Obligations ensuing from international treaties
- ☐ Collection and control of water revenues

“Funds for performing activities in the water sector are necessary as follows:

- ☐ Special Water Fees to be raised to a level 38.2% higher than the former with 17,300,000 KM to KM 23,800,000
  - ☐ General water fees in the amount of 9,000,000 KM ”
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***THANK YOU***

