

INTERVIEW FORM

Prices

DATE DEC 24, 1988 TIME _____

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Q. What general changes can you forecast in the role of the Ministry of Finance (MOF) about the water management in Israel?

A. Fuller control on the water expenses is one thing and higher degree of the implementation of the idea of pricing water according to its cost - is another one. Both are not exclusive to water but reflect the entire economy tendencies.

Q. Will this affect consumer prices of water?

A. Probably it will because, at present, several unreasonable facts exist. For example: the Water Regulators allow Mekorot to sell water to municipalities for 38 agorot (US ¢ 24) for m^3 .. The municipalities sell the water to consumers for 65 ag/ m^3 for the first 8 m^3 , 100 ag/ m^3 for the next 8 m^3 and 45 ag/ m^3 for the rest (for one household). The municipalities have a considerable residual which is not the intention of the Regulations. Also, municipalities that produce their water by themselves by less than 38 ag/ m^3 have to pay the difference to the "Equalization Fund" to subsidize others whose own water is more expensive. This subsidy is not estimated realistically and leave the MOF too much to add.