

# Utility Performance and Consumer Willingness to Pay for Water in the early 1990s: Case Study of Trinidad

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## **Abstract**

Throughout the developing world there are numerous examples of high levels of Government spending on water infrastructure while maintaining low tariffs and subsidies. The supply-focus approach has proven to be wasteful. A strong case is advanced for a demand-oriented approach, which emphasizes expenditure in relation to demand, and the adoption of demand management techniques such as pricing.

It is difficult to ignore daily problems in obtaining water for domestic purposes when there is a threat to public health and economic productivity. Given the undisputed importance of water, this paper attempts to examine the major problems of water supply in urban Trinidad and to analyse factors determining consumer willingness to pay for service improvements in the early 1990s. The willingness to pay model for water supply showed that domestic consumers' willingness to pay more for an improved service was influenced by household income, the price of water, number of service hours, and housing and land tenure.

Keywords: Water demand; Willingness to pay; Cost recovery; Contingent valuation; Contingent ranking; Stated preference; Household production function; Revealed reference