

THE MINISTRIES

THE MINISTRY OF FINANCE - THE MINISTRY OF CONSTRUCTION - THE MINISTRY OF AGRICULTURE AND RURAL DEVELOPMENT

Joint Circular No. 75/2012/TTLT-BTC-BXD-BNNPTNT of May 15, 2012, guiding principles and methods of determination of, and competence to decide on, clean water selling prices in urban centers, industrial parks and rural areas

Pursuant to the Government's Decree No. 170/2003/ND-CP of December 25, 2003, detailing a number of articles of the Ordinance on Price; and Decree No. 75/2008/ND-CP of June 9, 2008, amending and supplementing a number of articles of Decree No. 170/2003/ND-CP;

Pursuant to the Government's Decree No. 117/2007/ND-CP of July 11, 2007, on production, supply and sale of clean water; Decree No. 124/2011/ND-CP of December 28, 2011, amending and supplementing a number of articles of Decree No. 117/2007/ND-CP;

Pursuant to the Government's Decree No. 118/2008/ND-CP of November 27, 2008, defining the functions, tasks, powers and organizational structure of the Ministry of Finance;

Pursuant to the Government's Decree No. 17/2008/ND-CP of February 4, 2008, defining the functions, tasks, powers and organizations of the Ministry of Construction;

Pursuant to the Government's Decree No. 01/2008/ND-CP of January 3, 2008, defining the functions, tasks, powers and organizations of the Ministry of Agriculture and Rural Development;

Pursuant to the Prime Minister's Decision No. 2147/QĐ-TTg of November 24, 2010, approving the national program to reduce clean water and water charge loss through 2025.

The Minister of Finance, Minister of Construction and Minister of Agriculture and Rural Development jointly issue this Joint Circular to guide principles and methods of determination of, and competence to decide on, clean water selling prices in urban centers, industrial parks and rural areas as follows:

Chapter I

GENERAL PROVISIONS

Article 1. Scope of regulation

This Joint Circular guides principles and methods of determination of clean water selling prices and competence to decide on these prices for use as a basis for competent organizations defined by law and this Circular to elaborate, submit or approve price plans or decide on clean water selling prices applicable to urban areas, industrial parks and rural areas.

Article 2. Subjects of application

This Circular applies to organizations competent to elaborate, submit or approve price plans or decide on clean water selling prices in accordance with law and this Circular; water suppliers providing water supply services in wholesale or retail form and clean water consumers.

Chapter II

PRINCIPLES OF DETERMINATION OF CLEAN WATER SELLING PRICES

Article 3. Principles of determination of clean water selling prices

1. Clean water selling prices must correctly and fully cover all reasonable production costs and total costs arising in the process of production, distribution and consumption (including connection maintenance expenses) so that water suppliers can sustain and develop their operation on the basis of regulations,

standards and econo-technical norms announced or promulgated by competent agencies defined by law and reasonable profit norms for commercial water volumes of organizations and individuals that conduct several or all activities of exploiting, producing, conveying, wholesaling and retailing clean water (below collectively referred to as water suppliers) in accordance with the Regulation of pricing promulgated by the State and guided in this Circular; be conformable with the clean water supply-demand relation and the national and regional socio-economic development conditions and people's incomes in each period; guarantee the rights and legitimate interests of water suppliers and consumers; encourage clean water suppliers to improve service quality and strive to reduce water costs and loss and charge loss, and meet customer needs, and at the same time encourage consumers to use water economically and investors to invest in the production, supply and sale of clean water.

2. Clean water selling prices of water suppliers apply indiscriminately to all economic sectors and domestic or foreign organizations and individuals that consume water but vary for different water use purposes, such as water used for people's daily life (taking into account support policies for water consumers being poor households in ethnic minority, mountainous, coastal sandbanks, island and border areas under the current poverty line set by the State); water used by administrative agencies and non-business

organizations; and water used for production, business and services, and conform to water use characteristics, water sources and water production conditions of each region, locality or area.

3. Clean water selling prices must be set on the pricing principles provided in Clause 1 of this Article according to the pricing principles, methods and competence and within the price frame or limits set by the State; but conform to the water quality prescribed in current technical regulations announced or promulgated by competent agencies defined by law.

4. In case clean water selling prices decided (or approved) by People's Committees of provinces or centrally run cities (below referred to as provincial-level People's Committees) are lower than those stated in clean water price plans worked out by water suppliers and appraised by provincial-level Finance Departments on the above-mentioned principles of correct and complete calculation of costs and profits, provincial-level People's Committees shall annually consider and pay the price difference with local budgets or adopt reasonable support mechanisms according to their competence and law, in order to help clean water producers and suppliers fully cover costs and maintain normal production or business activities, except clean water produced under build-operate-transfer (BOT) investment projects on clean water.

Article 4. Principles of price adjustment

Annually, when factors forming clean water production and supply costs calculated on the principles specified in Article 3 and by the methods of determination of total production costs specified in Article 5 of this Circular change or when there is a change in the water treatment technology or service quality regulations or the State's relevant mechanisms or policies, leading to an increase (or a reduction) in clean water selling prices, agencies competent to decide (or approve) water prices defined in this Circular shall consider increasing (or reducing) the clean water selling price frame and specific prices as appropriate.

Chapter III

METHODS OF DETERMINATION OF CLEAN WATER SELLING PRICES

Article 5. Method of determination of total production and business cost of clean water

1. Reasonable and valid total production costs of clean water for use as a basis for calculation of the total cost and the price of one cubic meter (m³) of clean water must be calculated for the corresponding commercial water output in the calculation period according to regulations, standards and economic-technical norms for clean water production announced or promulgated by competent agencies defined by law (regardless of the actual average production cost of water suppliers in the province), and include the following costs:

No.	Cost	Symbol
1	Direct supplies cost	C_{vt}
2	Direct labor cost	C_{xc}
3	General production cost	C_{yxc}
4	Total production cost (1+2+3)	C_p
5	Corporate governance cost	C_q
6	Safe cost	C_b
	Total clean water production and business cost (4+5+6)	C_t

2. For clean water in urban centers and industrial parks (including industrial parks, export processing zones, hi-tech parks and economic zones, which are below collectively referred to as industrial parks), each cost shall be determined as follows:

a/ Direct supplies cost includes costs of raw materials, materials, fuel or power directly used for the production of the product, such as payments for clean water or unpurified water (for enterprises that need to purchase clean water and unpurified water), electricity, alum, chlorine and auxiliary materials used for water treatment.

Direct supplies cost shall be determined to equal the total volume of each type of supplies used multiplied (x) by the unit price of such type of supplies; in which:

- Supplies volume used for clean water production must comply with regulations, standards and econo-technical norms for clean water production announced or promulgated by competent agencies defined by law. For supplies which have no regulations, standards and econo-technical norms announced or

promulgated by competent agencies, chairpersons of boards of directors or directors general or directors of water suppliers shall elaborate such norms and incorporate them in clean water selling price plans to be submitted to provincial-level People's Committees for approval;

- Supplies prices are actual buying prices of supplies as set, quoted or guided by the State at the time of calculation (for types of supplies still priced by the State or subject to price management by the State in the form of price registration, price declaration, price consultation and price information publication) or are market prices stated in sellers' lawful invoices at the time of calculation (for supplies outside the list set by the State or not subject to price notification or guidance) plus (+) reasonable expenses (if any) for transportation to places of water production and supply.

b/ Direct labor cost includes amounts paid by water suppliers to their employees directly engaged in production, such as salaries or wages and salary-based allowances; mid-shift meal allowance; social, health and unemployment

insurance premiums, trade union dues, and other expenses for workers directly engaged in water production, in which:

- Salary or wage payment shall be determined to equal the number of workdays according to the econo-technical norms for clean water production announced or promulgated by competent agencies defined by law multiplied (x) by corresponding workday unit price (workday unit price includes basic wage and salary-based allowances provided by the State);

- Mid-shift meal allowance (if any) for laborers engaged in business operations of enterprises in accordance with the State's current regulations;

- Social, health and unemployment insurance premiums, trade union dues and other expenses (if any) for direct workers in accordance with the State's current regulations.

c/ General production cost means direct production costs (excluding direct supplies cost and direct labor cost specified at Points a and b, Clause 2 of this Article) incurred in production units of enterprises, including: fixed asset depreciation and repair costs; costs of materials, tools and instruments for workshops; wages, salary allowance and mid-shift meal allowance (if any) payable to workshop workers; social, health and unemployment insurance premiums and trade union dues of employees and workers of workshops; expenses for testing clean water standards and services bought from outside and other expenses in cash which are allowed under law to be included in costs.

The method of determination of supplies, service and labor costs in general production cost is that provided at Points a and b, Clause 2 of this Article.

Fixed asset depreciation cost complies with the Ministry of Finance's regulations on management, use and depreciation of fixed assets.

d/ Corporate governance cost means the total of expenses paid for the corporate governance and executive apparatus and general expenses for the whole enterprise, including: expenses for depreciation and repair of fixed assets used by the management and administration apparatus of the enterprise; salaries or wages and allowances, mid-shift meal allowance (if any) payable to directors and managers of divisions and sections; social, health and unemployment insurance premiums and trade union dues of the corporate governance and executive apparatus; costs of materials and stationeries, taxes, charges and fees and charges for services bought from outside of the enterprise's office; and other general expenses for the whole enterprise, such as payment of loan interests, provisions for stock devaluation and non-performing receivable debts, and expenses for guest reception, transactions, scientific and technological renewal research, technical innovations and improvements, environmental protection, education, training, health care for employees of the enterprise, female laborers, supply of safe water and other expenses in accordance with current regulations. Corporate governance cost shall be allocated to the cost price according to the

criteria applicable to products of the enterprise, such as production of clean water, construction and installation, and production of other products (if any); and other governance expenses according to the State's current regulations.

The method of determination of supplies, services, labor and fixed asset depreciation costs in the corporate governance cost is that provided at Points a, b and c Clause 2 of this Article.

e/ Sale cost means all expenses related to the sale of products and services, including expenses for complete investment, covering also water meters and other auxiliary equipment installed from grade-III networks to connection points of water consumers, unless otherwise agreed upon by the parties; salaries, salary allowances and mid-shift meal allowance (if any); social, health and unemployment insurance premiums, trade union dues and expenses for salespersons in accordance with regulations; expenses for advertisement, services bought from outside, maintenance of connections and other expenses according to the State's current regulations. The method of determination of each expense of the sale cost is that provided at Points a, b, c and d, Clause 2 of this Article.

Connection maintenance expenses means those for management and maintenance of connections which are currently in use (even if customers do not use water) and will be used in a water supply plan period in order to assure water supply service quality to meet customer needs. These expenses shall be specified by provincial-level People's Committees as a

certain percentage of total production cost suitable to the actual water use conditions in their localities.

3. For clean water in rural areas, expenses included in the costs shall be determined as follows:

a/ Direct supplies cost includes costs of raw materials, materials and fuel or power directly used for production of the product, such as payments for clean water or unpurified water (for production units that need to purchase clean water and unpurified water), electricity, alum, chlorine and auxiliary materials used for water treatment.

Direct supplies cost shall be determined to equal the total volume of each type of supplies used multiplied (x) by the unit price of such type of supplies; in which:

- The main supplies volume used for clean water production must comply with regulations, standards and econo-technical norms for clean water production announced or promulgated by competent agencies defined by law.

- Supplies prices are actual buying prices of supplies as set, quoted or guided by the State at the time of calculation (for types of supplies still priced by the State or subject to price management by the State in the form of price registration, price declaration, price consultation and price information publication) or are market prices stated in sellers' lawful invoices at the time of calculation (for supplies outside the list set by the State or not subject to price notification or guidance) plus (+) reasonable expenses (if any) for transportation to places of

water production and supply.

b/ Direct labor cost

- For water supply works invested with state budget-originated capital sources and direct state budget sources and managed and operated by enterprises or public non-business units established under the State's regulations for supply of clean water in rural areas, the direct labor cost shall be determined by the method applicable to the production of clean water in urban centers and industrial parks, specifically as follows:

+ Salary or wage payment shall be determined to equal the number of workdays according to the econo-technical norms for clean water production announced or promulgated by competent agencies defined by law multiplied (x) by the unit price of such workday (including basic wage and salary-based allowances provided by the State suitable to the type of enterprise and public non-business units);

+ Mid-shift meal allowance (if any) for laborers engaged in business operations of enterprises in accordance with the State's current regulations;

+ Social, health and unemployment insurance premiums, trade union dues and other expenses (if any) for workers directly engaged in production in accordance with the State's current regulations.

- For water supply works assigned by the State to cooperatives, communities or individuals for management and operation, or water supply works invested by cooperatives,

communities or individuals with their own capital for commercial supply of clean water, the direct labor cost shall be calculated on the basis of discussion and agreement among cooperative members or agreement between water-consuming population communities and water suppliers, to equal the average labor cost of production and business lines in the sector of service and goods provision in localities and conformable with the State's current regulations.

c/ General production cost (if any) shall be calculated by the method applicable to calculation of general cost of production and trading of clean water in urban centers and industrial parks.

d/ Corporate governance cost or governance cost of water suppliers (if any) shall be calculated by the method applicable to calculation of corporate governance cost for clean water production and trading in urban centers and industrial parks.

e/ Sale cost (if any) shall be calculated by the method applicable to calculation of sale cost for clean water production and trading in urban centers and industrial parks.

4. Upon determining total production and business cost, water suppliers shall correctly and adequately calculate reasonable and valid costs; and may not account expenses not allowed to be accounted into total production and business cost according to the Finance Ministry's Regulation of valuation of assets, goods and services and relevant laws.

General costs which are incurred not only

for clean water production and trading but also related to many areas of operation of water suppliers and costs, which must be allocated in the period of calculation, must comply with the accounting law, relevant laws and this Circular.

Article 6. Method of determination of average clean water selling price (retail price)

1. Total production cost of one m³ of clean water which serves as a basis for calculation of average clean water price shall be determined according to the following formula:

$$Z_{tb} = \frac{C_t}{SL_{tp}}$$

In which:

a/ Z_{tb} means average total production cost of one m³ of clean water (calculated in VND/m³).

b/ C_t means reasonable and valid total production and trading cost of clean water corresponding to the commercial water output (calculated in VND) which is determined under Article 5, Chapter III of this Circular.

c/ SL_{tp} means commercial water output, which shall be determined as follows:

$$SL_{tp} = SL_{sx} - KL_{hh}$$

In which:

- SL_{tp} means commercial water output (calculated in m³/year);

- SL_{sx} means produced water output.

+ Produced water output of urban centers and industrial parks shall be calculated according to the output planned to be exploited in the year of each plant suitable to the water

consumption demand approved by the provincial-level People's Committee (calculated in m³/year).

+ Produced water output of rural areas:

For water supply works which are managed and operated by enterprises or public non-business units having revenues established under the State's regulations, the produced water output shall be determined like that of urban centers and industrial parks.

For water supply works managed and operated by cooperatives, communities or individuals, the produced water output is the water output exploited in the year of each supplier based on the water supply demand agreement between the water supplier and water consumers.

- KL_{hh} means water volume lost or for which charge cannot be collected, which is referred to as lost water volume (including natural loss and technical loss), compared between the produced water output and commercial water output (calculated in m³). The lost water volume shall be determined as a percentage (%) of the produced water output. Specific water loss percentages shall be prescribed by provincial-level People's Committees to suit practical technical conditions and management levels and included in the clean water selling price as a presumptive limit as follows:

+ For the whole water supply networks which have been commissioned for under 10 years: 23%;

+ For the whole water supply networks which have been commissioned for 10 years or

more: 32%;

+ For intermingled water supply networks which have been commissioned for either under 10 years or 10 years or more: 27%;

This loss percentage must be monitored and determined from practical production and trading activities and subject to strict management measures so as to gradually decrease to the level prescribed in the Prime Minister's Decision No. 2147/QĐ-TTg of November 24, 2010, approving the national program to reduce clean water and charge loss for each period: by 2015, 2020 and 2025, the average clean water and charge loss percentage will be 25%, 18% and 15%, respectively.

For water suppliers that have water loss percentages approved by provincial-level People's Committees in their annual plans on clean water selling prices calculated after the effective date of this Circular lower than the above maximum water loss percentage, the presumptive limit of water loss are the approved loss percentages. At the same time, water suppliers are encouraged to reduce water loss; water loss percentages approved by provincial-level People's Committees shall be kept unchanged for three years.

Water suppliers that are able to reduce their actual water loss percentages compared with the percentages approved by provincial-level People's Committees in price plans may use 70% of the amounts earned from the loss reduction to supplement their development investment and capital construction funds and the remaining 30% to supplement their reward and welfare funds.

2. Average clean water selling price (exclusive of value-added tax) shall be determined according to the following formula:

$$Gttbq = Ztb + (Ztb \times P)$$

In which:

a/ Gttbq means average clean water selling price (calculated in VND/m³).

b/ Ztb means total cost of one m³ of clean water which is determined according to the guidance in Clause 1, Article 6, Chapter III of this Circular.

c/ P means limit profit. Based on practical trading conditions of clean water suppliers and incomes of local people, provincial-level People's Committees shall set a reasonable profit limit in the clean water selling price structure as follows:

- For water suppliers engaged in production and trading that conduct all processes from water production, exploitation and supply to retail sale to consumers: The profit limit is at least 5% of the total cost.

- For water suppliers that conduct only processes from water production, exploitation and supply by mode of wholesale (or wholesale of part of water output) to retailers for retail sale of water at the set price, the parties shall agree on wholesale prices. Total profit from wholesale and profit from retail sale shall be agreed upon by the two parties but must not exceed the level prescribed above.

The method of calculation of the average clean water selling price guided above shall be used for calculation of the average clean water price and as a basis for calculation of the selling

price of clean water for each use purpose, ensuring that the selling price of clean water for each use purpose matches the average clean water selling price.

Article 7. Method of determination of the clean water selling price for each use purpose

1. Clean water wholesale price:

Clean water wholesale price is the price agreed upon by a water supplier that wholesales water to a wholesale buyer for retail sale (a water supplier that sells clean water to another water supplier for direct sale to water consumers) and a retailing water supplier (a water supplier that directly sells water to water consumers) in clean water wholesale to ensure that wholesale and retail water suppliers can cover production and business costs and earn reasonable profits in accordance with Article 6, and not higher than the retail price set by competent authorities. In case no price agreement can be reached, either party (or both parties) may request the provincial-level Finance Department to organize price consultation in accordance with law.

2. Selling price of clean water (exclusive of value-added tax) for each use purpose:

a/ The selling price of clean water for daily life shall be determined under the progressive pricing mechanism whereby households consuming less clean water are entitled to lower prices and those consuming more clean water pay higher prices. Clean water for other use purposes is subject to the single-price mechanism but has different prices for different use purposes.

In areas where water sources and water supply capacity exceed demand, the application

of clean water selling price for daily life under the progressive pricing mechanism may be delayed but the average daily-life water price may be applied to encourage consumers to use clean, safe and hygienic water and create conditions for water suppliers to develop their water supply networks and improve production efficiency.

Based on the determined average clean water selling price mentioned in Article 6 of this Circular, the daily-life clean water selling price frame set by the Ministry of Finance and the structure of local clean water consumers, appropriate specific selling prices of clean water for each use purpose shall be determined on the principle that total weighed average prices of water for different use purposes equal the average clean water selling prices (particularly for clean water for daily life consumption, total average prices must neither be lower than the minimum price nor higher than the maximum price of the price frame set by the Ministry of Finance).

The formula for calculation of the selling price of clean water for each use purpose is as follows:

$$G_{ttthmd} = G_{ttbq} \times H_{ttthmd}$$

In which:

G_{ttthmd} means the selling price of clean water for each use purpose

G_{ttbq} means the average clean water selling price

H_{ttthmd} means the coefficient for price calculation by use purpose and specified in the table below:

Water use purpose	Clean water volume consumed/month		Maximum price calculation coefficient against average price
	Level	Symbol	
Daily life of households	- Between first 1 m ³ and 10 m ³ (household/month)	SH1	0.8
	- Between over 10 m ³ and 20 m ³ (household/month)	SH2	1.0
	- Between over 20 m ³ and 30 m ³ (household/month)	SH3	1.2
	- Over 30 m ³ (household/month)	SH4	2.5
Administrative agencies, non-business units (including also schools and hospitals) for public service	Actually consumed volume	HCSN	1.2
Material production	Actually consumed volume	SX	1.5
Provision of services	Actually consumed volume	DV	3
Average clean water selling price			1.0

b/ For clean water volumes consumed by households for their daily life: The price calculation coefficient specified in the above table shall be applied. In case the number of daily-life water consumers in a household (including those living in condominiums) can be identified, the price calculation coefficient shall be applied according to the limit water volume (m³/person/month) as follows:

- Between 1 m³ - 2.5 m³/person/month SH1: 0.8

If the used volume is above this level, the following progressive prices shall be applied:

- Over 2.5 m³ - 5 m³/person/month SH2: 1.0

- Over 5 m³ - 7.5 m³/person/month SH3: 1.2

- Over 7.5 m³/person/month SH4: 2.5

For clean water-consuming households that have not yet installed water meters or rural households that use common water tanks, the presumptive charge for the limit volume of 4 m³/person/month shall be applied. For localities in which such per-capita presumptive charge cannot be calculated, the presumptive charge shall be calculated at the level of SH2 for each household with the limit volume of 16 m³/month.

Particularly for localities in which produced water output is consumed largely for daily-life activities of local households and the conditions for application of the prescribed maximum price calculation coefficient for calculation of the clean water selling price are insufficient, the price

calculation coefficient may be increased to be higher than the maximum coefficient applicable to the SH1, in order to ensure the average clean water selling price coefficient of 1.

For students and workers who rent lodgings (with a rent term of 12 months or more) from landlords that buy water from water suppliers for supply to them, every 4 tenants (as identified in temporary residence papers and lodging rent contracts certified by local administrations or public notary offices) shall be counted as a water-consuming household for water suppliers to apply the daily-life water price to water buyers and guide the latter in selling water to their tenants at such price.

In case water suppliers in urban centers and industrial parks supply clean water for daily life at the request of water-consuming farmer households in rural areas, the clean water selling price shall be agreed to equal the daily-life clean water price applicable to urban centers and industrial parks.

c/ For administrative agencies, non-business units, production or service enterprises, etc., which consume clean water for other purposes, the clean water selling price shall be set by clean water-producing and trading enterprises according to price plans approved by provincial-level People's Committees but must not exceed the maximum price calculation coefficient prescribed in this Circular. Appropriate price calculation coefficients shall be determined based on the table of maximum price calculation coefficients on the average price and depending on clean water consumption characteristics and ratios of clean water consumption for different

purposes in localities.

In case water suppliers in urban centers and industrial parks supply water at the request of water consumers living outside these urban centers and industrial parks for purposes other than those mentioned above, the clean water selling price is the water price for each consumption purpose in urban centers and industrial parks.

In case many water consumers use a common water meter but have contracts on water consumption for different purposes, water suppliers and water consumers shall base themselves on actual water consumption to reach agreement on specific ratios of water consumed for each purpose before applying a water price appropriate to each purpose. If water suppliers and water consumers cannot reach agreement on specific ratios of water consumed for each purpose, they may apply the water price applicable to the main consumption purpose in their agreed contracts. In case they cannot agree on a main consumption purpose, they shall report to provincial-level Finance Departments for organizing price consultations in accordance with law.

For rural areas meeting with exceptional difficulties, ethnic minority and mountainous areas, coastal sandbanks and islands, and border areas as identified according to the current state-stipulated criteria, if provincial-level People's Committees approve plans on clean water selling prices lower than those clean water prices correctly and adequately calculated in accordance with current regulations to suit the people's payment ability, then they shall adopt

a policy or mechanism to harmonize urban and rural water prices between urban water suppliers and rural water suppliers being dependant accounting units of such urban water suppliers. For provinces which cannot harmonize water prices between urban and rural water suppliers due to restrictions of the law on enterprises, provincial-level People's Committees shall annually pay the price difference with local budgets in order to ensure the rights and legitimate interests of water suppliers. Mechanisms and procedures for paying the price difference shall be specified by provincial-level People's Committees to suit their local practical conditions but must not be contrary to current regulations on management of the state budget.

Chapter IV

COMPETENCE TO DECIDE ON CLEAN WATER SELLING PRICES AND MANAGEMENT OF CLEAN WATER SELLING PRICES

Article 8. Rights and responsibilities of agencies and units in elaborating, submitting and approving price plans

1. The Price Control Department of the Ministry of Finance shall coordinate with related agencies in elaborating and submitting the selling price frame of daily-life clean water to the Minister of Finance for decision.

2. Clean water suppliers shall base themselves on the selling price frame of daily-life clean water set by the Ministry of Finance; valuation regulations promulgated by the State; and principles and methods of pricing clean

water specified in this Circular, to elaborate and report clean water price plans to provincial-level Finance Departments for evaluation in coordination with provincial-level Construction Departments and Agriculture and Rural Development Departments before submission to provincial-level People's Committees for decision and approval.

Article 9. Competence to decide on clean water prices

1. The Ministry of Finance shall set the selling price frame of daily-life clean water for application nationwide.

2. Provincial-level People's Committees shall approve clean water price plans submitted by water suppliers and promulgate specific daily-life clean water price brackets applicable to their respective localities and conformable with the price frame set by the Ministry of Finance. In special cases in which daily-life clean water production and supply costs in saline water-submerged areas, coastal areas and areas with difficult water-producing conditions are higher than the maximum price of the price frame set by the Ministry of Finance, provincial-level People's Committees may base themselves on their local practical conditions to decide on appropriate daily-life clean water selling prices which must not exceed 50% of the maximum price of the price frame set by the Ministry of Finance.

Provincial-level People's Committees shall comply with the guidance on competence to manage and set water prices and specific water prices applicable to non-pump water supply

works, water prices of small-sized water supply works managed by communities and prices of water produced and traded with investments of rural communities.

3. Water suppliers shall decide by themselves on prices of clean water consumed for purposes other than daily-life consumption which must be consistent with clean water price plans approved by provincial-level People's Committees.

Chapter V

ORGANIZATION OF IMPLEMENTATION

Article 10. Organization of implementation

1. The Ministry of Finance shall assume the prime responsibility for, and coordinate with the Ministry of Construction and the Ministry of Agriculture and Rural Development in, regularly or extraordinarily inspecting the elaboration and promulgation of regulations on management of clean water selling prices in localities, the elaboration of price plans, and the observance of the law on water prices by water suppliers in accordance with this Circular.

2. Provincial-level Finance Departments shall coordinate with provincial-level Construction Departments, Agriculture and Rural Development Departments and related provincial-level departments in inspecting the implementation of decisions on daily-life clean water selling prices, and the formation, decision and application of clean water selling prices applicable to water consumers in their localities, and advising provincial-level People's Committees on promptly addressing existing problems; and at the same time, summarizing

and reporting actual water prices to the Ministry of Finance, the Ministry of Construction and the Ministry of Agriculture and Rural Development for monitoring and adjustment of the price frame when necessary.

3. Clean water producers and traders shall adopt plans on development of water sources and supply networks to meet consumption needs and raise the quality of water supply services, and at the same time regularly monitor and inspect the situation of clean water consumption, collect water charges at prescribed charge rates suitable to each type of water consumer; and promptly take measures to end water and water charge loss.

4. Depending on the actual clean water production and consumption in urban centers, industrial parks and rural areas in each period, the Ministry of Finance shall coordinate with the Ministry of Construction and Ministry of Agriculture and Rural Development in studying and revising methods of determination of clean water selling prices as appropriate.

Article 11. Effect

This Circular takes effect on June 29, 2012, and replaces Joint Circular No. 95/2009/TTLT-BTC-BXD-BNN of May 19, 2009, of the Ministry of Finance, the Ministry of Construction and the Ministry of Agriculture and Rural Development, guiding principles and methods of determination of, and competence to decide on, clean water selling prices in urban centers, industrial parks and rural residential areas.

Any problems arising in the course of implementation should be promptly reported to

the Ministry of Finance, the Ministry of Construction and the Ministry of Agriculture and Rural Development for consideration and settlement.-

For the Minister of Finance

Deputy Minister

TRAN VAN HIEU

For the Minister of Construction

Deputy Minister

CAO LAI QUANG

For the Minister of Agriculture and

Rural Development

Deputy Minister

HOANG VAN THANG