

Progressive Public Water Management in Europe

In search of exemplary cases

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Feedback

We warmly welcome your feedback and comments on the issues raised in this discussion paper, which is a first attempt to collate existing information and cases in order to stimulate debate. If you are interested in joining the working group, if you wish to give other feedback or you have any queries please contact: David Hachfeld (post@davidhachfeld.de), Olivier Hoedeman(olivier@corporateeurope.org)

For more information about alternatives to privatisation, see also:

www.waterjustice.org

www.remunicipalisation.org

Introduction

Due to the rising dominance of neoliberal policies since the 1980s, the privatisation and commercialisation of essential public services has turned into a dominant political trend in Europe. Through liberalisation at the national, European and international level, new service markets have been created, and powerful companies are fighting for profitable shares of these. In some sectors like telecommunications, these policies led to a complete restructuring of former public services under capitalist market principles. The impact of these principles on water services and sewage management varies substantially from country to country. In France, England and Wales the privatisation of water services became dominant, while in other European countries private companies played only a minor role. The outsourcing and the introduction of 'new public management' mechanisms, however, have led to the commercialisation of water services and resource management in many municipalities and public operators where water companies have formally remained public.

Where water has already been privatised, people have experienced negative effects. They have realised how detrimental water privatisation and commercialisation is, not only to the democratic functioning of public authorities and the state, but also to their personal lives. In the last 10 years, the failures of water privatisation have become more and more apparent. In England and Wales for example, where from the 1980s onwards public water companies were sold to private investors, the results have been alarming. With figures adjusted for inflation, in the first nine years of privatisation water tariffs increased by 46%. Private investors made extremely high profits but have failed to invest enough to deal with the problem of leakage, with the result that the rate of water loss remains one of the highest in Europe.¹ In France, where the world's two biggest private water companies, Veolia and Suez, are based, water users served by private operators pay around 16% more for water than users served by municipal companies.²

These experiences have not remained without effect. Opinion polls show that large numbers of people believe water should not be privatised.³ When new privatisation plans are revealed, political parties, social movements and trade unions are often able to rapidly build strong (and frequently successful) resistance to these attempts. Such mobilisation has not only managed to prevent privatisation, but in some cases they also succeeded in bringing privatised water back into the public domain. An example of such remunicipalisations⁴ is in the French city of Grenoble where, after more than 10 years of social, political and legal resistance, people finally managed to get the water company back into public management. Also, the mayor of Paris recently announced that the city will not renew its concessions with Veolia and Suez. When the contracts expire in 2009, the Parisian water company will return to the public domain. Such cases are still exceptional, and it would be too early to interpret them as signs of a turnaround in the privatisation and commercialisation policies. Nonetheless, they contribute to a necessary change in the debates of activists fighting for public water. Some years ago these debates were mostly about the disclosure, criticism and rejection of privatisation strategies by private water companies and the state, and activists sought the best ways to oppose them. Today the political outlook is changing and these questions are increasingly accompanied by an exploration of which models of public water management are desirable alternatives to private or commercialised public models. This is a major step forward for water movements because it is not enough to claim only that water

should be public – movements also need to define what public means in a progressive and emancipatory context.

The questions that need to be asked are: what kind of water provision do we want? How should a public water company function to deliver its services in good, social and ecologically sustainable ways? What are good alternatives to the failed experiments with privatised and commercialised water? And, not least, how can we construct a social project based on these that can reverse the dominant political trend in Europe?

The wave of privatisation has flushed away some public water companies, but apart from in France, England and Wales, where water privatisation has had its most significant impact, the majority of water and sewage services in Europe remain public. Being public does not of course automatically mean that a company is doing a good job. Poor services by cumbersome public authorities, corruption and high rates of water loss are also found in public companies. Also, especially through the adaptation of instruments of ‘new public management’, many public companies have been drastically reshaped into profit seeking entities. Thus the processes of water commercialisation play a questionable, but unfortunately important, role in many municipal utilities across Europe. In some cases it is difficult to distinguish them from private companies.

What is important to note is that despite the pressure of market liberalisation and political pressure to commercialise public sector companies, there are still many that are doing a good job and that, for different reasons, can be considered to be progressive. This means that in the search for progressive public water in Europe we do not have to reinvent the wheel, but we can begin with drawing the lessons from the most inspirational and progressive public water delivery companies around Europe. These can serve as starting points and good role models. So, to answer the question of which form of public water provision we want, we can start by analysing what is already there. This is the approach we have chosen for this paper. We want to encourage and enrich the debate on good alternatives to privatised and commercialised water delivery. We present some examples of public water and sewage companies and discuss their strengths and limitations. By highlighting good public water delivery practice in Europe, we hope to stimulate debate on where the struggles against privatisation and commercialisation of water and public services can lead us.

1. What is progressive in public water management?

In the search for progressive public water management in Europe, it would be unhelpful to propose a unifying model because it is impossible to define objectively what should be private or public.⁵ Water systems need to be understood as historically grown, geographical systems of production that are socially and politically conflictive and embattled.⁶ Hence, the discussion on the public goods character of water and sanitation services is essentially a matter of political and normative decisions.⁷ It is a question of political preference and that means that for new policies to be possible, for new politics to lead to better decisions on water policies, there needs to be a considerable amount of public will to stem the privatisation trend in Europe. The search for functioning, progressive alternatives, and the politically preferred criteria of such, is the means by which civil society and political actors

can develop knowledge that can lead to political pressure. A typical question about privatisation is: "why should certain users' needs be satisfied by private suppliers, although perhaps they have been satisfied since time immemorial (in some societies) by supplies of publicly acquired and available goods?" If we are to move beyond this defensive position on what we do not want and create a more deliberate position on what sort of public water provision is progressive, then we need to determine more closely what is "public" and "progressive" about public water and sanitation. We need to build and work with a set of criteria that allows us to consider what we want and enable a debate on common ground.

There is no exemplary model of "good" or "progressive" public water management. Water is a natural resource. The quantity and quality of water, as well as the need for water, vary from place to place. Water is also an important cultural good, and different societies have developed historically different cultures of water. These cultures reflect existing and often uneven power relations in societies. Therefore, the public systems of water and sanitation services are historically grown and some existing cultures of water are highly problematic. It would neither be possible nor desirable to develop one model of water management to be implemented everywhere. Instead, responsible ways of handling water need to be developed around existing local structures.

This paper will therefore not attempt to define a blueprint for water management. Instead, the idea is to present a series of criteria that we think should be reflected in public water management, and to give examples of how these criteria are manifested in existing progressive water services. These criteria are, in our view, guidelines for improving water and sewage utilities. But appropriate answers have to be found locally, especially as it is likely that in specific situations other issues than those presented here will also be important. The following criteria should not be seen, then, as an exhaustive set and are understood to be for further debate and elaboration by movements.

Criteria for progressive public water management

The following criteria are based on the fundamental beliefs that water is a common good, that access to water is an inalienable human right, and that water cannot be privatised or commercialised. Water management must be public and community-based. These principles are shared by water movements all over the planet. In addition, water movements everywhere seek to revitalise and empower public and community water on the basis of criteria similar to those proposed below.

Good quality

Water is fundamental to life. As it is essential for hygiene, nutrition and health, water must have a high quality. Water quality is not only a product of appropriate technical solutions but includes the preservation of natural water resources and water cycles in water catchments, the avoidance of pollution and distortions of fragile eco-systems. Preserving these systems includes good sewage management and wastewater treatment.

Universal Service

All people must have equal access to safe and appropriate water and sanitation services. Disconnections of private households must be illegal.

Effectiveness in meeting needs

Water companies should work effectively. Today, effectiveness often means economic effectiveness and achieving the highest possible profit with the lowest cost. Instead of this one-sided definition, public water companies' efficiency should be measured by their ability to meet peoples' needs and assure other elements of public interest. What these needs and public interests are and how they can be met cannot be defined top-down, but must be discussed, defined and evaluated in participatory democratic processes.

Social

Equal access to water must not be dependent on social status. People have different financial resources and a water tariff based only on consumption leads to unequal burdens. Progressive water management must develop mechanisms to ensure that people have equal access to water, regardless of their social status. On the other hand, it should be assured that nobody can use water irresponsibly because he or she has the money and power to do so.

Solidarity

Conditions to guarantee the human right to water vary from place to place. Water companies should not only be concerned with the situation in their own geographical area, but should look beyond the rim of their tea cup and help within their capabilities to build up or improve water and sewage services in other places. This can be done by the open sharing of knowledge, by giving financial and technical support, by cross-subsidising and with non-profit co-operation between public companies and communal water systems.

Sustainability

The natural water cycle is a fragile system. Its preservation is essential to guarantee the right to water to following generations as well. We don't own water; we only borrow it from nature. It is our responsibility to make sure that we use water only in responsible quantities, don't pollute it and give it back to the water cycle at a high quality. The protection of water sources and the prevention of soil erosion is also our duty. Sustainability must be an underlying principle for all water and sewage companies. Integrated River Basin Management (IRBM) can be a tool to achieve this aim.

Good working conditions

One of the most important resources of public services such as water companies is their

employees. They are critical for the development and improvement of high quality services. Their working conditions must be good and allow them to have long-term goals and to adopt new ideas and societal needs in their work. To make sure that new public demands on water services are not seen as a threat to their jobs, employees must be fully integrated into public discussions on the development of their services.

Democratic structures and control

'Public' is commonly understood as being a function of ownership and of political control, through which public services are delivered that meet the needs of the population. This can only work if the structures and practices of water companies are democratic and fully transparent. These require democratic mechanisms that guarantee that all people can take part in decision making and control of all water issues. This must be a participatory process going beyond the formal but often indirect mechanisms of representative democracy.

Progressive legislation

In order to secure long-term consistency, water governance needs to: protect the public character of water services; recognise the human right to water in constitutional and legislative forms; protect water and sanitation services and water resource management from liberalisation, privatisation and commercialisation. Water governance has to revitalise the public sector according to the above-mentioned criteria, assure public finance, and feature both public and workers' participation as key ingredients for well-functioning public water systems.

2. Exemplary cases of public water provision in Europe

Ten cases studies of public water companies in Europe that show progressive practices according to at least some of the criteria defined above are presented here. There is also one ongoing civil society campaign featured. Many other companies would have fitted well in this presentation, but the aim is not to give a complete picture of existing exemplary practices. What we want instead is to give an impression of the large variety of local experiences. We encourage everybody to share information on other good experiences and to broaden the knowledge of progressive public water management in Europe.

a. Grenoble (France)

Since 2001, water in the French alpine town Grenoble has been managed by a public company. Before that, for a period of 12 years, management was delegated to a private and a public –private company. The decision to privatise was massively influenced by corruption at the highest level; the mayor personally got financial support and gifts valued at €2.7 million. Through procurement contracts awarded to other subsidiaries of the company, through fraudulent pricing and the falsification of balance sheets, privatisation was a lucrative investment for Suez, the parent company of the private investor. But the contract that should have lasted for 25 years was cancelled. After a change of majority in the city council, a strong campaign by a local water movement and a series of lawsuits the city finally decided to take its water back in own hands. The mayor and leading managers of Suez were sentenced to imprisonment and to large fines, and the privatisation and the water tariffs were declared illegal.

Since 2001, the water company has had the legal status “*régie à autonomie financière et personnalité morale*” which secures the company a certain amount of autonomy from the city council.⁸ The remunicipalisation led to a stabilisation of water prices and to a significant increase in investment. The replacement of outsourcing by own provision of services saved money, and the company is no longer designed to generate profits. But the case of Grenoble is not only interesting as an example of the economic efficiency of public companies. Along with the remunicipalisation, a process of democratisation of the company took place. In the new company, along with six representatives elected by the city council, five experts from civil society (*personnes qualifiées*) are members of the board, appointed by the city council. The originally envisaged composition, with only one third of board members elected by the city council, could not be enforced due to a new national law on the structure of companies in *régie municipale*. A big change, however, has occurred in the communication policy of the company; access to relevant information by users and the general public has improved substantially as there are regular consultations with a new users committee and documents on management are now published. It should be noted, however, that not all information is publicly available, for example some reports on tariff setting. Despite these limitations, the remunicipalisation in Grenoble has set an example for restructuring a company to work not for profit but in the interests of and under the control of the people.⁹

Grenoble is not the only case of remunicipalisation in France. In other smaller municipalities like Neufchâteau, Castres, Fraisses and Varages former private companies have been returned to public management, with similar modes of citizen participation.¹⁰

b. Amsterdam (Netherlands)

In 2005, a new water law in the Netherlands came into force that states only publicly owned companies are allowed to provide drinking water services. As a result, the privatisation of water companies in the Netherlands is not possible and all 10 drinking water companies in the country are owned by regional and local governments. Despite this, most are structured and increasingly act like private companies. Profit-orientation, delegation of management and outsourcing are common practices in large public-owned companies like Vitens and Evides. Smaller companies like Oasen and Duinwaterbedrijf Zuid-Holland show more willingness to act as public companies. The clearest exception to the commercialisation trend is the water company of Amsterdam. In 2005, the municipality of Amsterdam and the Water Board Amstel, Gooi and Vecht¹¹ founded “Waternet”, a public foundation responsible for all water services in the area. The company takes care of the whole water system, including the land and drinking water, sewage and wastewater treatment, nature protection, flood protection and the management of canals, sluices and other watercourses. The company has some degree of autonomy, but is controlled by and responsible to the city of Amsterdam and the region’s Water Board. Every year, a new mandate is given to the company that defines its tasks and goals. An exemplary progressive practice of Waternet is the international cooperation on water issues. Waternet is one of the most experienced water operators in the world in terms of public-public partnerships (not-for-profit cooperation between public water operators). For 30 years, Waternet has been active in twinning and other international not-for-profit cooperation. These activities are implemented by a separate department, WereldWaternet. The company currently has projects aimed at sharing expertise and experience to improve drinking water supplies in Surinam, Egypt, Indonesia, Palestine and several other countries. There is no commercial motive behind these projects (which involve

numerous Waternet staff, equivalent to six full-time staff per year). Waternet explains on its website that: “we do not want to keep our expertise to ourselves but share it with others on a basis of equality”.¹²

c. Munich (Germany)

The southern German city Munich has about 1.4 million inhabitants. The water and sewage companies are good examples of public companies that, since their expansion in the 1880s, have always been in public hands. The sewage company Münchner Stadtentwässerung is a municipal utility (Eigenbetrieb) that has a small degree of autonomy, but is controlled directly by the city council. Drinking water is provided by the “Stadtwerke München” (SWM), which is a 100% municipal company responsible not only for water, but also for gas, energy, public transport and swimming pools. In contrast to the sewage company, it has more autonomy from the city council and control is therefore only indirect. In 2001 and 2004, due to competition laws and the unbundling directive of the European Union, the Stadtwerke were forced to restructure their internal make-up. The transport company is now a subsidiary, and the water, gas and electricity services have been split into several independent companies under the roof of the Stadtwerke. Until now, the city has managed to maintain this structure and, in a more indirect way, some mechanisms of cross-subsidising financially weaker services. Attempts to privatise the company or parts of it have so far been rejected. In 2004, a local water movement (Wasserallianz München) was founded that wants the water company to be put under the direct management of the city, thereby countering further privatisation pressure from market liberalisation obligations that could affect the Stadtwerke.

Both the provision of drinking water and the sewage services are in good shape. The quality of drinking water is high and the prices for water and sewage treatment are among the lowest in Germany. But the effectiveness of the companies is exemplary in more than just economic terms. The ecologically sustainable way in which natural water resources are managed could be a model for other municipalities. To protect its groundwater resources, the city manages its forests in a sustainable way and since 1992 there has been a programme to support farmers to switch to organic farming in water protection areas. The city has convinced over 100 farmers to change to ecological agriculture, not only through financial support but also by offering help with marketing their products. The wastewater treatment also underlines the efforts of the city for sustainable water management: The water that leaves the treatment plants and is discharged in the river Isar has the quality of bathing water. Since 1998, Munich and other municipalities along the river have implemented the highest standards of treatment and disinfection technology to improve the quality of life along the river by allowing people to swim in it.¹³

d. Vienna (Austria)

Drinking water and sewage services in Vienna are directly provided by two departments of the city administration (“magistratischer Betrieb”) and are directly controlled by the city council. Almost all of the drinking water for 1.76 million Viennese comes from sources in the Austrian Alps from where it is channelled through two aqueducts and needs only minimal treatment. The protection of the sources and the environment is a high priority. Only a small amount of the water capacity is used and, in the source area, the city’s own forest company

manages a mixed forest with the main priority being source protection instead of profit maximisation. The business of the water services is strictly non-profit and is orientated around cost recovery. In 2001, the city protected the water in its constitution and adopted a Water Charter.¹⁴ The constitutional protection is a signal against liberalisation and privatisation pressures from the EU and the national government. Now, a majority of 2/3 is needed for any sale of water infrastructure or forests. The Water Charter makes the protection of water and its availability to current and subsequent generations a priority. Water provision is seen as a fundamental service to citizens and makes it one of the municipality's main responsibilities and one which cannot be delegated to private companies. Furthermore, the Charter secures the protection of nature and makes it clear that water must not become a luxury good and that the population has a right to water with high quality at reasonable rates. Prices should be based on the principle of cost recovery, and profit maximization is strongly rejected. Finally, the city declares in the Charter that it will respect the European Union's Water Framework Directive.

e. Dikili (Turkey)

In Dikili, a small coastal city near Izmir in Turkey, an interesting social pricing system for water can be found. Dikili's mayor, Osman Özgüven from the leftwing Social Democrat People's Party (SHP), introduced a socially responsible way of managing public services. Along with the provision of affordable healthcare for everyone, free local busses and cheap bread from the municipal bakeries, the water services were restructured. Ten tons of water per month per household were supplied without charge. Above this limit, the regular water tariff was applied. The municipality granted a pardon for unpaid water bills from the former government and a discount of 50% was granted to municipality workers'. According to the mayor, this should encourage those responsible for water provision and, in his opinion, didn't violate the principle of equality. The introduction of this new tariff system led not only to a social model of water distribution, but also to water savings in a region with scarce natural resources. The audit office accused the mayor and other members of the city council of misconduct in office or abuse of power for their social public service policy.

f. Emschergenossenschaft and Lippeverband (Germany)

The Emschergenossenschaft and the Lippeverband are two sewage companies in the German federal state North Rhine-Westphalia. They work closely together and this union makes them the biggest sewage service provider in Germany. From their foundation at the beginning of the last century, both companies were public cooperatives. Municipalities and bigger industrial water users (heavy industry, mining companies) in the basins of the rivers Emscher and Lippe are members of the cooperatives. Although they also have private enterprises among their members, they are public non-profit companies. They are an interesting example of tight cooperation between public companies: sharing their knowledge as well as administrative and technical resources, they provide services with below average tariffs. In particular their strong commitment to sustainable, integrated river basin management is noteworthy. The companies provide water treatment plants, but they are also concerned with the building of underground canals, groundwater- and river-management, renaturation and flood protection. Long before the EU developed its Water Framework Directive, the companies already practised holistic management of the watershed. The rivers Lippe, and especially the Emscher, were for a long time used as an open sewer for the

“Ruhrgebiet”, the largest industrialised area in Europe. The companies successfully worked on the transformation of these drain canals into natural watersheds that today play an important role as green recreation areas in the densely populated region.

Today, both companies actively prevent the selling of public water and sewage utilities, and their workers have participated in demonstrations against new regional laws that would facilitate privatisation. However, through the foundation of small subsidiaries with private law status, the companies themselves act as market players. Since the mid-1990s, the “Emscher Wassertechnik” and the “Lippe Wassertechnik” have offered consulting, engineering and operation services although the activities of these subsidiaries have been very limited.¹⁵

g. *Gramastetten (Austria)*

Small-scale water cooperatives can be seen as special forms of public water companies. The country in Europe where this type of water management plays the most important role is probably Austria. More than 5000 water cooperatives in the country serve citizens in rural areas.¹⁶ In the federal district of Oberösterreich, where the government supports decentralised water services, more than 10% of the population are served by around 1500 cooperatives. One example is the Wassergenossenschaft Gramastetten. It was founded in 1947 and provides drinking water to about 2000 people. Membership is connected to the ownership of real estate and apartments and a connection fee of €1820 has to be paid to access the water network of the cooperative. In 2008, there were 569 members. All relevant information is available to everyone and important decisions are taken by the general assembly of all members. The administrative and most of the technical work is done on a voluntary basis. The regional association of water cooperatives provides expertise, quality control, and training for the volunteers. The water quality is good and tariffs are far below average. The principle of strict non-profit management, the use of local water sources and the low administrative costs due to voluntary work by the members are the main reasons for the low prices.

The Wassergenossenschaft Gramastetten is an example of a decentralised water provision with strong elements of participation. The principles of non-profit and solidarity cooperation are crucial to its functioning. With its 569 members, it is one of the biggest water cooperatives in Austria, where most have less than 100 members. On a small scale and in rural areas, where people mainly live in self-owned houses making nearly every household a member, such autonomous and self-managed water provision can be seen as a progressive and special form of public and democratic water management. However, it may be difficult to transfer these experiences to a larger scale.¹⁷

h. *Malmö and Lund (Sweden)*

In 1994, under a conservative majority, Sweden’s third biggest city Malmö decided to privatise its public water company and launched an international tender. The employees, together with the management of the company and some politicians of the oppositional Social Democratic Party fought against privatisation and, with the help of the trade union, the public company itself submitted a bid. Due to the resistance, the final decision on the tender process was delayed, and the issue of water became a crucial subject in the municipal

elections held in the same year. The elections were won by the Social Democratic Party and the new majority decided to stop the privatisation and therefore not to give the concession to Anglian Water, a British private water company with the lowest bid in the tender.¹⁸ Instead, water remained in public hands.

But Malmö is not only an example for successful resistance against water privatisation. Like most municipal water companies, the water company of Malmö provided cheap and high quality water service to its citizens. Together with the water companies of Stockholm and Gothenburg and the Swedish Water and Wastewater Association it set up the now defunct Swedish Water Development agency. This was a public company with the purpose of assisting public organisations in other countries to develop water supply and sewerage systems by transferring knowledge and experience.¹⁹ In January 2008, Malmö started a new cooperation with its neighbouring city Lund. Both municipalities decided to share resources and knowledge, and set up VA SYD, a public water federation. VA SYD now provides the water and sewage services for both municipalities. As both cities maintained their autonomous control over properties, maintenance and tariffs and have their own municipal water and sewage committees, there is still direct public control over the company. Staff from both companies was involved in the development of the federation, and the municipal workers' union Kommunal assisted and supported the process, viewing it as a groundbreaking example of public-public cooperation to protect and improve the quality of services and jobs.²⁰

i. Cordoba (Spain)

Cordoba is a city with around 315,000 inhabitants in the autonomous region of Andalusia in southern Spain. Since 1969, the water service has been provided by the public utility company EMACSA. The company provides good quality services to users at low prices. EMACSA is especially engaged in improving its ecological performance. It makes high annual investments in network improvements to reduce leakages and, through awareness-raising campaigns the company has successfully contributed to a substantial reduction in water consumption. Responsible planning of water collection and storage infrastructure helps the city to tackle the extreme seasonal differences in water consumption. Thus Cordoba was the only city in Andalusia that did not have to restrict water delivery during a serious drought in 1995. Polls show that residents are greatly satisfied with the performance of EMACSA.

Worth highlighting is the structure of the company's management. Since 1979, the company has developed a widely accepted and well-functioning structure of participatory co-management. The Board of Directors is responsible for all main decisions in the company and has a diverse membership. Independently of municipal election results and majorities, each of the three political groups in the council nominates two members to the board. The two major trade unions each nominate an additional two members, and one is nominated by a council of civil society movements (neighbourhood associations which organise around 13% of the citizens play an especially important role). The manager of EMACSA as well as the general secretary and the general financial controller of the city council take part in the board meetings without voting rights. This participatory structure is characterised by a broad transparency that allows citizens who are not delegated to follow the decision making

process and intervene, for instance by raising alternative opinions. The company was officially acknowledged by the Andalusian Consumers Association Facua in March 2008 for its system and practice of participation.²¹

j. Provincia de Sevilla (Spain)

In 2003, the Consorcio Provincial de Aguas de Sevilla was created. The Consorcio is a joint public entity representing 92 of the 104 municipalities of the Sevilla province, which has a population of over 1,7 million. It integrates eight public authorities in charge of drinking water, sewage services and water cycle management. Most of these authorities manage the water services directly, but a few services are delegated by concession to a public company. In a small number of cases, services have been delegated by concession to private companies, but the Consorcio is negotiating to take these concessions back into public hands. In the future, the Consorcio wants to unify the different water entities into a single public company. This will not only bring together scattered companies and establish a coordinated provincial water policy, but will also improve the quality of services through ambitious joint investments in infrastructure and sustainable water resource management. Besides bringing together and improving the water services of Sevilla, the Consorcio also sees itself as responsible for contributing to improved public water systems outside the provincial borders. So the Consorcio supports water projects in developing countries through public-public partnerships that actively create alternatives to privatisation and public-private partnerships. With others, the Consorcio has played an important role in a development project in the refugee camps in Tindouf Province of Algeria, helping to improve the drinking water network for 170,000 Sahrawi refugees who have lived in the camp there since 1975.

An ongoing campaign for progressive public water management. The case of Italy

Until 1994, municipalities were responsible for water services in Italy. This changed with the introduction of a national water law, known as “Legge Galli”, which aggregated the fragmented municipal companies into bigger territorial units. Formally there is no obligation to privatise, but companies have to be structured like corporations with shareholders, and the collectives of municipalities have to decide whether the company should be public, mixed or private. Since the cost for the services must be covered completely by the water tariff and this tariff must also include a seven percent return on the capital employed, the commodification of water services is almost inevitable. At present it is not possible to identify progressive water companies in Italy. But what has to be acknowledged are the ongoing efforts of water movements for a new progressive water law. Currently many water operators invest only little in the networks and thus the rate of water losses due to leakages are among the highest in Europe.²² Movements consider many public utilities to be deeply bureaucratised and unresponsive to citizens. Replacement of these structures by responsible and participatory forms of public water management is therefore their central aim. In 2007, building on earlier regional activities, water movements started a process of popular legislation and collected over 400,000 signatures for a water law developed after long debates.²³ The proposed law states that water cycle management must be public and participatory and in accordance with the principles of sustainability and solidarity. All infrastructure must be public and privatised parts have to be remunicipalised. A minimum quantity of 50 litres per person per day must be provided free of charge, and a national solidarity fund has to be created to help societies in other countries to develop public non-profit water systems. This fund should be financed by an extra-tariff of one cent per cubic metre of piped water as well as bottled water sold. The proposed law is not defining a model structure for water companies but it asserts that these structures have to be developed locally through a participatory, democratic process.²⁴ This law, that is still to be debated in Parliament, would give municipalities the chance to establish progressive public models of water management. For example cities like Grottamare, a coastal town in the Marche region with a tradition of participatory budgeting, could then extend their democratic experience to the water sector. At present this municipality is actively fighting against water privatisation, but due to the “Legge Galli”, it cannot implement its ideas for a progressive water management.

3. Summary: good practices and their limitations

The cases in this paper show good practices in existing public water companies in Europe and how these are achieved by a variety of institutional and political structures in public service providers. When we apply the criteria for progressive public water management to the cases, their strengths and limitations become clear.

Two strengths that can be found among most public water companies in Europe are the strong commitment to universal service and the high degree of capacity to meet this commitment. Another positive issue is the emphasis given to qualitative aspects of drinking water and sewage services. The quality of tap water in some cases can easily compete with mineral water, and wastewater treatment is often on a high technical level, reflecting the importance of healthy aquatic nature systems. The two German cases especially give a good impression of this, but many other European cities have adopted such practices. Another positive finding is the high awareness of the necessity of a sustainable water management. Vienna, Munich and Amsterdam have to be highlighted here, as they show that water companies are able to provide water for millions of habitants in big cities and, at the same time, have ambitious programmes to protect natural water cycles. These companies are also good examples of how a high level of ecological responsibility can be maintained with a relatively low tariff when profit seeking is not the company's objective.

A more difficult issue is the social question of access to water. While universal service in Europe is a fundamental and nearly fully-realised principle, the social side of it is often not reflected. Almost everywhere, the cost of water provision and treatment are completely covered by water tariffs that relate to consumption but not the individual financial situation of consumers. This mechanism of full-cost-recovery is often codified in law – among others in the European Water Framework Directive – and thus it is difficult for water companies to do anything different in this matter. At first look, this might seem only a negligible criterion given that the cost of water is only a small part of the budget of most Europeans, and there may be a positive effect to stimulate saving use of water. But this depends on one's point of view: for low-income households, spending up to five percent of one's budget on water is not a negligible issue, but a noticeable burden. The only case that addresses this issue is Dikili, where debts from unpaid water bills have been cancelled and a minimum quantity of water is provided for free. On the other hand, the fact that Dikili's mayor has been brought to court for this practice shows how difficult it is to implement a social water finance system under neo-liberal political circumstances. For this reason, the ongoing campaign in Italy is crucial. The water law proposed by movements there makes a strong stand on social issues. This is not only seen in the plan to provide 50 litres per day per person free of charge, but it is also seen in the requirement that water tariffs consider the personal income and the size of household. If the process of popular legislation is successful, this would be an important turnaround and major challenge to the neoliberal agenda that currently dominates water sector policy in Europe.

From this example, we can see the importance of progressive water legislation. The initiative of the Italian movements outlines the possibilities. But until now, such far-reaching progressive water laws are not in force anywhere, although first steps can already be seen in the case of the water law in the Netherlands, as well as the water regulations in the constitution of Vienna and the charter of its water company. These are not the only cases. Through a referendum, the people in the Swiss canton of Geneva also included a water paragraph in the constitution in 2006 stating that water supply and distribution must be public monopolies. And in 2007, six other Swiss municipalities signed the ACME-declaration,²⁵ supporting moves to put water in public hands and wanting all important decisions to be taken in a participatory process. Furthermore, the cities declared their

willingness to participate in activities of international solidarity. It remains to be seen how this statement will be followed by concrete practices.

The cases of Amsterdam, Malmö and Sevilla show what international solidarity among public water companies can be like. Sharing, not selling, experiences and knowledge between public companies is a powerful instrument which can build up and improve public water services worldwide. The solidarity fund proposed by the Italian water movements displays another possible way of organising solidarity.

A crucial aspect is the issue of adequate democratic structure and control. In most of the analysed cases, the public utilities are controlled by a city council, by a municipal government or by an administration. In all these cases people are involved in decision making and control only indirectly through the mechanisms of representative democracy in municipal elections. The possibility to influence the strategy of a municipal company through such elections is very limited. Thus, there is a formal democratic process, but almost no possibility for citizens to actively take part in decision making. Due to this absence of adequate participatory processes it is also not possible to evaluate how effectively they meet the needs of the people. Exceptions are the cases of Cordoba (with representatives of unions and social movements on the board of directors) and Grenoble (where some civil society organisations are included in the companies' board and a formal and open process of consultation was instituted). As the case of Gramastetten shows, small scale cooperatives are able to establish functioning mechanisms of direct democracy in water management. But whether such mechanisms could also work in bigger water companies cannot be assessed due to the limited number of examples. The two cooperatives Emschergenossenschaft and Lippegenossenschaft have only municipalities and big industrial water users as members, and democratic control and influence by the citizens exists only very indirectly through the established mechanism of representation.

To answer the question on how water companies could be restructured to facilitate participatory democratic decision making, the presented cases can therefore contribute only a little. As this is an important matter, more effort is needed to find good solutions. In recent decades in Latin America, some interesting progressive forms of participatory management have been developed. It seems that in this field, Europe could learn a lot from the experiences from other continents.

4. Outlook: The need to deepen the debate on progressive alternatives to privatisation and commercialisation of water

In this paper we have developed criteria to assess the performance of public water management. We have shown that, despite massive pressure to commercialise and privatise water services, a large variety of exemplary practices exist that fulfil many of our criteria. The presented cases and the Italian campaign are inspiring examples for water movements in Europe that are struggling against privatisation and for the improvement of public water services. They show diverse ways of managing water responsibly and democratically. However the cases are not models that can or should be just copied and implemented in other places. This is for two reasons. Firstly, the cases all have limitations when judged against some important criteria. Secondly, and more importantly, good public water

management cannot be developed divorced from reality. Inspiration may come from outside, but appropriate forms of managing the water resources and networks can only be developed locally, and by recognising existing social forces and circumstances. Furthermore, existing good practices have to be developed further and adapted, as needs, priorities and circumstances may change. Thus, progressive public water management implies a continuous process of reform. All the presented cases are temporary results of such processes.

Despite their good performance and reputation, cases like those presented here are vulnerable and can be threatened by privatisation and commodification pressures. One company, Stockholm Vatten AB, Sweden's biggest public water company, would have been a good example to include in this paper. For many years, it was exemplary for its holistic approach in managing water resources and its earnest engagements to improve access to high-quality water for people beyond its city borders. With two non-profit public-public partnerships, the company helped the cities of Riga (Latvia) and Kaunas (Lithuania) to build new modern water treatment plants and improve the quality of existing structures. But in December 2006, Stockholm's rightwing-led city council decided to reorganise the company and this led to commercialisation accompanied by outsourcing, reduction of investment and job losses.²⁶ This turnaround also shows how water companies with an excellent all-round performance can become a victim of ideologically-motivated attacks.

Progressive forms of water management must be developed and defended against neo-liberal attacks that lead to political struggles, in which water movements, unions, ecologists and political groups play an important role. The efforts in Italy are one of the many inspiring examples in Europe of how this can work. And the experiences in Grenoble show that movements can be successful when they mobilise consistently on the issue of water over a longer period of time. We hope that this paper contributes to the knowledge on existing progressive water management and ideas beyond that. The hope is to instigate serious and well-informed debates in political, social and professional spheres on what progressive public sector management can look like in Europe. We look forward to working further on this issue and to deepen the debates in our movements, therefore we invite the readers of this paper to reply, add further information and report on other existing cases.

Notes and References:

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- ² This was shown in a substantial study comparing 1113 French water companies Eshien Chong et al., "Public-Private Partnerships and Prices: Evidence from Water Distribution in France," *Review of Industrial Organization* 29, no. 1 (2006).
- ³ For example a poll by the German institute dimap revealed that only 13% were in favour of water privatisation in January 2008.
- ⁴ For other examples see www.remunicipalisation.org.
- ⁵ Elmar Altwater, "What Happens When Public Goods are Privatized," *Studies in Political Economy*, no. 74 (2004).
- ⁶ Bettina Köhler, "Wasserwirtschaft im Kontext der Debatten um öffentliche Güter und gesellschaftliche Wasserwirtschaft," in *Wasser: Kommerzialisierung eines öffentlichen Gutes*, ed. Wasserkolloquium, *Texte // Rosa-Luxemburg-Stiftung*; 41 (Berlin: Dietz, 2008).
- ⁷ Altwater, "What Happens When Public Goods are Privatized" .
- ⁸ For details about this legal status and for the reasons, why Grenoble chose it, see Emanuele Lobina, *D21: Watertime case study - Grenoble, France* (2006, Retrieved 05.06.2007 from: http://www.watertime.net/docs/WP2/D21_Grenoble.doc).
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- ¹⁰ See www.remunicipalisation.org.
- ¹¹ Water Boards are special independent governmental bodies that have existed in the Netherlands since the 13th century and are responsible for the management of waterways, dams, the polder system, surface water quality and other related tasks. They hold separate elections and can collect taxes to finance their services.
- ¹² Reclaiming Public Water, *Public Water for All - the Role of Public-Public Partnerships. A 'Reclaiming Public Water' discussion paper. March 2006. Published by the Transnational Institute and Corporate Europe Observatory. Coord.: Olivier Hoedeman, Ed. ass.: Clare Joy* (2006, Retrieved 02.09.2008 from: <http://www.tni.org/water-docs/pubwaterforall.pdf>).
- ¹³ Klaus Lanz, *D34: WaterTime case study - Munich, Germany* (2005, Retrieved 12.08.2008 from: http://www.watertime.net/docs/WP2/D34_Munich.doc).
- ¹⁴ See <http://www.wien.gv.at/wienwasser/versorgung/charta.html>
- ¹⁵ More Information can be found on the website of the cooperatives: www.portal-eglv.de.
- ¹⁶ Wilfried Schönback et al., *Internationaler Vergleich der Siedlungswasserwirtschaft, Informationen zur Umweltpolitik*; 153 (Wien: Kammer für Arbeiter und Angestellte, 2003).
- ¹⁷ Some information can be found on the website of the Wassergenossenschaft: <http://wassergenossenschaft.sein.at>.
- ¹⁸ Kommunal, "A model for the future. The example of VA SYD – two towns cooperating on the vital resource of water," (2008), Mats Lannerstad, "Country Report Sweden," in *Aqualibrium. European water management between regulation and competition*, ed. Shahrooz Mohajeri, et al. (Luxembourg: Office for Official Publications of the European Communities, 2003).
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- ²⁰ Kommunal, "A model for the future. The example of VA SYD – two towns cooperating on the vital resource of water" .
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- ²² For example in the region Abruzzo the leakage rate is 57% Augusto De Sanctis and Antonio Senta, *Abruzzo, Italia: A Struggle in Defence of Water and for Citizens' Participation* (2005, Retrieved 04.09.2008 from: <http://www.tni.org/books/watertaly.pdf>).
- ²³ See www.acquabenecomune.org/.
- ²⁴ For the full text of the proposed law (in Italian) see: www.acquabenecomune.org/IMG/pdf/Testo_definitivo_legge_acqua.pdf.
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