

Remunicipalisation in the water sector: an unstoppable wave

Notes on the debate and action

Water remunicipalisation is a growing trend across the world.

On November 2013, Barcelona hosted a seminar organised by [Reclaiming Public Water](#) (RPW), an international network that brings together water activists, trade unions, academics, and public water operators working to promote public and democratic models as an alternative to the privatisation and commodification of water.

The network is based on the principle that water is not a commodity, but rather part of the commons and a fundamental right as well as an essential resource to life, so it cannot operate under market rules. Over the last 20 years global movements and platforms such as RPW continue to confront the global neoliberal drive to privatise and commodify public services, including water, and advocate for exploring and implementing alternatives.

Over two intense days participants debated questions such as: What does public mean exactly? And does public equal democratic? How can we build services that are democratic, environmentally sustainable, and are also responsive to people's needs? How can we strengthen the struggles against the privatisation of water services and the commodification of water resources? What alternatives are delivering good results?

In the framework of alternatives, participants highlighted the so-called '[public-public partnerships](#)' or PUP, which are non-profit partnerships between public water operators that seek to strengthen technical and managerial skills. PUPs are an innovative and concrete tool for sharing knowledge and experiences among public operators, as well as to promote best practices and improve service performance. They also provide the socio-political support needed to develop this kind of cooperation.

Another alternative that is gaining momentum is service remunicipalisation. In these cases, local governments are returning to public management, usually after a bad experience with the private sector. In fact, according to a study by the [Public Services International Research Unit](#), as of November 2013, there were [86 documented cases](#) of water remunicipalisation around the world. Of these, all except three took place between 2000 and 2013, and the pace has nearly tripled since 2009. Remunicipalisation is thus emerging as a strong and growing trend, both in the Global North and South.

With a view to sharing specific experiences of remunicipalisation and some of the seminar conclusions, the RPW network and [Aigua és Vida](#), a Catalan platform made up of social, neighbourhood, trade union, environmental and solidarity groups, and which advocates for the public management of water, organised [a public event](#) to explore several concrete cases in Europe.

Barcelona: abusing the private monopoly

"The situation in Catalunya, and more specifically in Barcelona, is very different from the one in Europe," noted Eloi Badia in his opening remark. Eloi is from [Engineering without Borders](#), an organisation that works for social change and that is part of Aigua és Vida. "Here, we are only told about the traditional French and English models, which are based on private supply, but not about the new realities in France or Germany, where public supply is increasingly widespread."

Indeed, over 80 per cent of the water supply in Catalunya is not only in private hands but relies on a single company, Agbar, a subsidiary of Suez, amounting to a virtual monopoly. In the specific case of Barcelona and its metropolitan area the situation is even more remarkable. In 2010, a court decision ruled that "there is no service concession nor contract," so "Agbar's operations, as the service concession holder, are unlawful." The platform has since been promoting transparent and democratic management and among other actions, in February 2013 filed a lawsuit against Agbar with the prosecutor's office on the grounds that the company is providing the service without the due contract.

The city government aimed to solve the obvious flaw in Agbar's operations in Barcelona by creating a joint venture. According to Eloi, "the new company has been set up with no public tender, no asset auditing and no review of the loophole through which Agbar was operating in many municipalities."

Beyond the company's legal structure, Aigua és Vida warns that we are not only faced with a choice between 'users' or 'customers' (to use the company's favoured term), but the fact that for these corporations the customers are municipal councils themselves, meaning the role councils can play as regulators to oversee the public service is effectively nullified. Moreover, the platform claims that water bills in Catalunya have increased by 15 per cent in 2013, and by 65 per cent since 2008.

"Sometimes, a picture speaks a thousand words. One needs only to take a look at the 2009 corporate responsibility [report cover](#) of Aigües de Barcelona, Agbar's subsidiary responsible for the water supply management in Barcelona that shows a tap with a water trickle in the shape of a bar code. What kind of water policy do we want to promote?" asked Eloi. "One that serves the people or one that serves companies and profit-making?"

In this context, Aigua és Vida wishes to start a remunicipalisation campaign throughout Catalunya and Spain and has invited others with successful experiences to serve as inspiration.

Paris takes back control over water: eau la la!

If there is a case that strongly symbolises that remunicipalisation is a viable alternative it is the city of Paris. The French capital is not only home to the headquarters of the two largest water companies in the world, Veolia and Suez, but until 2009 its water supply depended on these very companies.

Bruno Nguyen, Operations Director at the new public water utility [Eau de Paris](#), *explained that the whole water supply in Paris was managed by the city until 1985, except for a notable exception — the billing system, which was privately handled. Between 1985 and 1987, the water distribution was privatised and divided between Suez and Veolia, while production remained in the hands of a joint venture called SAGEP. But the situation posed many irregularities and finally, in 2010, the city took back control over its water; this time completely, by creating the company Eau de Paris.*

Before water remunicipalisation, there were many problems, such as a lack of control over management. "Concessions were awarded without calls for competition, contracts lacked clear objectives, so it was difficult to ask private operators for accountability, and money flows were opaque," said Bruno. The system was also very complex. "End users did not understand how responsibilities were divided, and there were several technological solutions, depending on each operator."

For these and other reasons the city decided it was high time for a shift. The process began in 2001, after a new mayor came into office, and included several years of research and negotiations with all stakeholders, from the private operators to the workers. The process was guided by the idea that water is a strategic activity and pursued two major aims: suppressing duplicate services and achieving savings for the benefit of users. Finally, in 2010, Eau de Paris started operating under the principles that water is a common good and must therefore be preserved through a responsible and equitable management.

After three years of operation, the overall picture is very positive. "Back in July 2011, only a year after starting operating, the cost of drinking water dropped by eight per cent." Bruno also cautions that the process has not been without difficulties. Among other things, he mentions issues such as "human resources, since it was not easy to start a new culture at the company, and information management systems, which belonged to the private operators so we had to make a deal to be able to use them temporarily." However, there are also positive developments and, despite the transition, "the service was never altered, the invoicing system is now more accurate and fair, and the company call-centre is now run in-house and works better."

The company is currently saving around 30 million euros every year. This money is no longer going into the pockets of private shareholders as with the previous model, but it is rather being reinvested in the company itself. With this money, for example, "we are keeping a high level of investment in infrastructure and we have doubled our solidarity fund." In addition, the company board is now open to civil society, and involves NGOs and company staff, all of them with voting rights.

The case of Berlin: Veolia, adieu!

"I am very happy to be able to tell you today that, finally, the water in Berlin is a hundred per cent public,"

Dorothea Haerlin announced with great satisfaction. “I come from the [Berliner Wassertisch](#), the Berlin Water Table, a very small grass-roots group which has been in the streets since 2006 demanding that the city took water back into public hands.”

In 1999, the Berlin city government approved the sale of 49.1 per cent of the shares of the company Berlin WasserBetrieb to a consortium made up by two water corporations: the French company Veolia and the German company RWE. But citizen groups, such as the Berlin Water Table, convinced that water is a right and not a commodity, have fought for years to push out private companies and for the city to regain control over this resource.

“After many actions, on the 7th of November the Berlin city council agreed to buy back Veolia’s stake for 590 million euros, and RWE’s for 650 million euros,” said Dorothea. “This is good and bad news at the same time.”

“First, the good news,” she added jokingly. “The good thing is that the water in Berlin is now fully public, so the company that manages it can be transformed into a democratic, transparent, fair and environmentally sustainable company. The bad news,” continued Dorothea, “is that the company still holds a strong business vision and the city government expects to raise the whole amount paid to the private operators, 1.3 billion euros, through user fees.”

In fact, by purchasing the shares from the private companies, the public utility took on a debt that it must pay over the next 30 years and that, including the accrued interests, adds up to around 2 billion euros. “The Berlin city council and the Finance minister say there is no problem with this money, because they will now get the profits that used to go to others but that was not the goal of our struggle,” regretted Dorothea.

The Berlin Water Table representative compared the process of citizens demanding a public and democratic service management with a treasure hunt in a castle. “When you open a door and you think you have found the treasure, a larger door opens, and you find more stairs.” Indeed, this has been the experience of her collective. In February 2011, for example, the Berlin Water Table organised a popular referendum calling for the partial water privatisation contract to be published. And for the first time in the history of the city, a referendum of this kind achieved the minimum number of votes to render it legally valid. This meant a great victory that they could have never imagined possible just a few years earlier but it also meant more work.

“The main objective now is encouraging a public debate,” she further explained. So far, a first draft of the Berlin Water Charter has been produced, an initiative that will begin to be discussed in a new space, the Berlin Water Assembly. “The idea is to build a body that does not yet exist and that allows everyone interested in water issues to participate in a debate process. The ultimate goal is that these people are given a space to actively participate in the daily management of the water utility and not only oversee what is being done by the board after the fact.”

Dorothea concluded by recalling that the process of public recovery is a long one. “After we managed to get the service back in Berlin, we took a photo in front of the city council with a banner that read ‘after remunicipalisation, democratisation’. So I hope that I will be able to bring you more good news very soon.”

Aguas del Huesna: political commitment and management excellence

Emilio Pachón, manager at [Aguas del Huesna](#), a public company in the Spanish province of Seville, started telling about his experience with a joke: “You have no idea how I envy our colleague from Paris. His company covers around nine square miles and all users are concentrated. We supply 22 municipalities with a population ranging from 300 to 50,000 inhabitants and they are all scattered throughout more than 150 miles.”

Emilio passionately recounted the 20-year history of this public utility, owned by the Huesna Water Consortium, whose purpose is to provide an integrated water cycle in all of the municipalities involved in the Consortium. Head-quartered in Seville, Aguas del Huesna operates at a regional level since it was established in 1993, first under a private model and since 2007, as a remunicipalised company.

“In 1994, 17 municipalities in the province of Seville realised that the water supply situation was

unsustainable. There was a lack of sustainable and safe drinking water sources; irrigation channels and wells were contaminated.” For this reason, the municipalities decided to pool their resources and develop a mega-project to bring water to the whole area. “It was a massive project,” Emilio said, “with nearly 155 miles of supply network.”

This mega-project also required many funds, but due to the municipalities low investment capacity in a mainly rural environment, the Consortium opened a privatisation process and invited bids for a 25-year build-operate contract. In this context, the Huesna Water Consortium drafted a thorough list of operation specifications to guide the concession. This included requirements such as the private operator explaining in detail the user rates and reporting its benefits. Finally, the building works were awarded to a private company and then things kicked off.

The works were carried out between 1994 and 2001, but they entailed a cost overrun of 25 per cent over the initial budget. “And here is where the battle began,” recalled Emilio. “The private operator wanted the extra funds to be recognised and raise them through user fees over the years of the concession contract. But the Consortium refused.” In 2001, after many breaches in the operating specifications, all the stakeholders decided to establish a joint venture. The Consortium would be involved in the company management, with a 25 per cent capital stake. Thus, the Consortium joined the management board and the concession contract was extended for seven years. “And here we started a new journey, from being an administrative concession to a joint venture.”

However, the situation did not improve and problems persisted. Decisions, ultimately, were still being taken by the private sector but with the complicity of the public Consortium. New conflicts arose until, in 2007, both sides reached another agreement so that the private operator would leave the joint venture and sell its shares to the Consortium.

Since then, Aguas del Huesna is one hundred per cent public. “We could say this was a non-aggressive remunicipalisation,” remarked Emilio. This solution allowed the Consortium to access funds and reach agreements with financial institutions to invest in areas that had been neglected by the *private sector*. *Since 2007, rates have not risen above the consumer price index, and in its lowest water use range, the rate is below the average in the province of Seville.*

Emilio summarised the lessons learned with this remunicipalisation process in two major points: “political commitment and management excellence.” Political commitment is not only needed to regain control of the public utility itself and bypass the private operator, but also to continue supporting the public model, because the attacks by the private sector do not stop after remunicipalising. As for management excellence, Emilio stressed that “we must compete with the same weapons. The service we provide must be very effective and efficient and up to date. Otherwise, the gaps left by the public sector are filled up by the private sector. Our duty is to provide a high quality service.”

Remunicipalisation: an unstoppable wave

David McDonald, professor at Queen’s University in Canada and co-director of the [Municipal Services Project](#), closed the event with some concluding remarks. David is co-author of a booklet recently published under the title ‘[Remunicipalisation: Putting Water Back into Public Hands](#).’ “Our study,” David explained, “shows that a growing number of cities around the world are remunicipalising their water services. From Hamilton, in Canada, to Dar Es Salaam, in Tanzania, and from Buenos Aires, Argentina, to Malaysia.”

David added that “this is not an academic invention. We academics just follow the real people, who are the ones that know better,” and according to his research, “remunicipalisation is one alternative among others, part of a wider trend to rethink public spaces not just in water but also in other areas such as energy and health care.”

In any case, the time has come to put forward serious alternatives to privatisation. “Why?” asked David, “simply because it has failed. Companies have not only failed to deliver their promises, but in some cases, where they were not making the profits they expected, they left. That was what happened in Buenos Aires. The private operator just packed up and left.”

The case studies explored by David reveal that the remunicipalisation process is usually far from easy — *there are many obstacles to overcome and there are no silver bullets that work in all contexts. It is often the case, for example, that internal resistances emerge. Companies must learn again how to operate and a public ethos cannot be built overnight. For example, in Cochabamba, Bolivia, which was the scene in 2000 of the so-called 'water wars', they have been working for 10 years to create a new public service.*

However, those same studies show that remunicipalisation can also work. “It might not be perfect,” noted David, “but probably no service can be perfect, regardless of the management model.” In any case, David was straightforward: “When they say that the public sector does not work, we do not have to believe them.” And his research clearly demonstrates that remunicipalisation is a global and increasing trend. “Even in the United States, in conservative municipalities, we are seeing that services are increasingly being in-sourced, because there is growing awareness that the private sector is very expensive and makes it difficult to monitor services and contracts. It is therefore not only a question of ideology.”

David concluded his intervention explaining that “in these last couple of days, we have documented 86 remunicipalisation cases worldwide. I insist that these are not perfect companies, but they are innovative, and pursue principles of equity, transparency, democracy, and sustainability. Remunicipalisation is an unstoppable wave and I am sure that the list will very soon reach a hundred cases and will keep growing.”

For more information

Video: Putting Water Back into Public Hands (5 minutes): <http://www.tni.org/multimedia/putting-water-back-public-hands/>

Water Remunicipalisation Tracker: <http://www.remunicipalisation.org/>

Water Justice – Resource centre against privatisation: <http://www.waterjustice.org/>