

# Why should Water Supply be a Public Affair

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ewl energie wasser luzern

## Why should water supply be a public affair

- is it really a public affair ?

„no“

- ewl Holding AG:  
Aktiengesellschaft according to private law (OR)
- subsidiary ewl Wasser AG:  
owns all assets and most water rights

yes

- opinion of association of state staff:  
„waterworks is a service public“



## Water resources

- Federal constitution: „The cantons dispose of water resources“
- Canton Lucerne: „The possession of public water resources is entitled to the canton“
- NGO's: „Water is a human right!“
- Water is a public good  
but does not mean that it is protected best in state hands

## Water resources

- Kriens: Sells land and gives up ground water catchments
- Canton Lucerne: Renaturation of rivers in conflict with quality of ground water
- International association of waterworks in the Rhine catchment area IAWR
  - monitoring of trace contaminant in the Rhine and negotiaton with polluting industry
  - Rhine Memorandum
  - Ground Water Memorandum
  - NGO of water professionals



## Water facilities and distribution networks

- Canton Lucerne:
  - „The municipalities guarantee the water supply for their area”
  - “They may transfer their tasks and all or part of their competences to third parties”
- Over 90% of population against privatisation of water supply
- Swiss Federal Counsellor Leuenberger:  
*“In Switzerland market opening in regard to water is no subject for discussion.”*

## Water facilities and distribution networks

- Population wants
  - sustainable good water quality
  - well maintained distribution networks and facilities
  - no risk on quality
  - no speculation with water supply
  - not the same negative experience as in Great Britain
- most cantons:
  - no profit with water supply allowed
- Critics:
  - unfair financial transfers from water supply to authority
  - excessive German water pfennig (Wasserpennig)





## Privatisation in the EC

- „Green Paper on public-private partnerships and community law on public contracts and concessions“
  - PPP ok, but ...
  - bidding duty for concessions

## Opposition of water suppliers

- Water supply is not a common business
  - the purpose of business is to gain financial values and profit
  - the purpose of water supply is to provide best quality and a sustainable water system
- Water supply is part of the elementary Daseinsvorsorge
- Water supply is based on ethic qualities and visions
- Privatisation leads to worst accepted quality according to EC standards
- Water is a matter of trust

## Opposition of water suppliers

- Alternative to privatisation
  - more operational flexibility
  - management methods and tools of private sector
  - benchmarking
  - short democratic control circuits for strategic topics
  - social control of the decision makers



# Conclusion 1

- ✓ **water supply is a public affair, because ...**
  - water resources are public good
  - water supply is a natural monopoly
  - no competition with different water products on the distribution network, i.e. no market
  - the population (in Switzerland) does not want privatisation
  - negative experiences with privatised water suppliers in Great Britain is a strong weakness in political discussions
  - water supply is Daseinsvorsorge and incompatible to "business"
  - the population set a high value on quality and the maintenance of the infrastructure
  - good water suppliers base on distinct or implied ethical qualities and visions
  - drinking water is a matter of trust

## Conclusion 2

- ✓ **good organised water supply need**
  - leadership and management methods from private economy
  - high professionalism
  - Benchmarking
  - trustworthy people in leadership positions, committed to water as much as to finance
  
- ✓ **No privatisation and no market opening**
  - No market for drinking water (s.a. Bernard Barraqué)
  - High investment with long lifetime is not a good business (s.a. Bernard Barraqué: “No banker accepts!”)
  
- ✓ **drinking water is a matter of trust**

## Conclusion 3

- ✓ **PPP private public partnership**
  - **because** conflicts between short-term interests of state and politicians versus long term investment in infrastructure of waterworks
  - **therefore** more independence of water suppliers from governmental management
  - **with** public control and govtl. working strategical control mechanism [partnership under govtl. Control \(Bernard Barraqué\)](#)
  - form: e.g. “oeffentlich-rechtliche Anstalt” according to Swiss law or customised structure like ewl [or local arrangements \(Bernard Barraqué\)](#)
  - access to financial markets to get debt capital
  - adequate profits accepted
  - speculation with waterworks unacceptable
  
- ✓ **bidding duty for concessions for waterworks according to EC is a faulty design** [\(s.a. Bernard Barraqué: “Concession fails!”\)](#)
  
- ✓ **drinking water is a matter of trust**