

Financing Water Supply, Sewage and Waste Water Treatment Services in Spain

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- 1) Sector's general features.
- 2) Entities in charge of the service.
- 3) Services costs.
- 4) Fees and costs recovery.
- 5) Conclusions and acknowledgements.

1) Sector's general features (I).

In Spain competencies are shared among: State (RBAs in interregional RBDs), Autonomous Regions, Provinces and Municipalities.

There is both, public and private sector, participation.

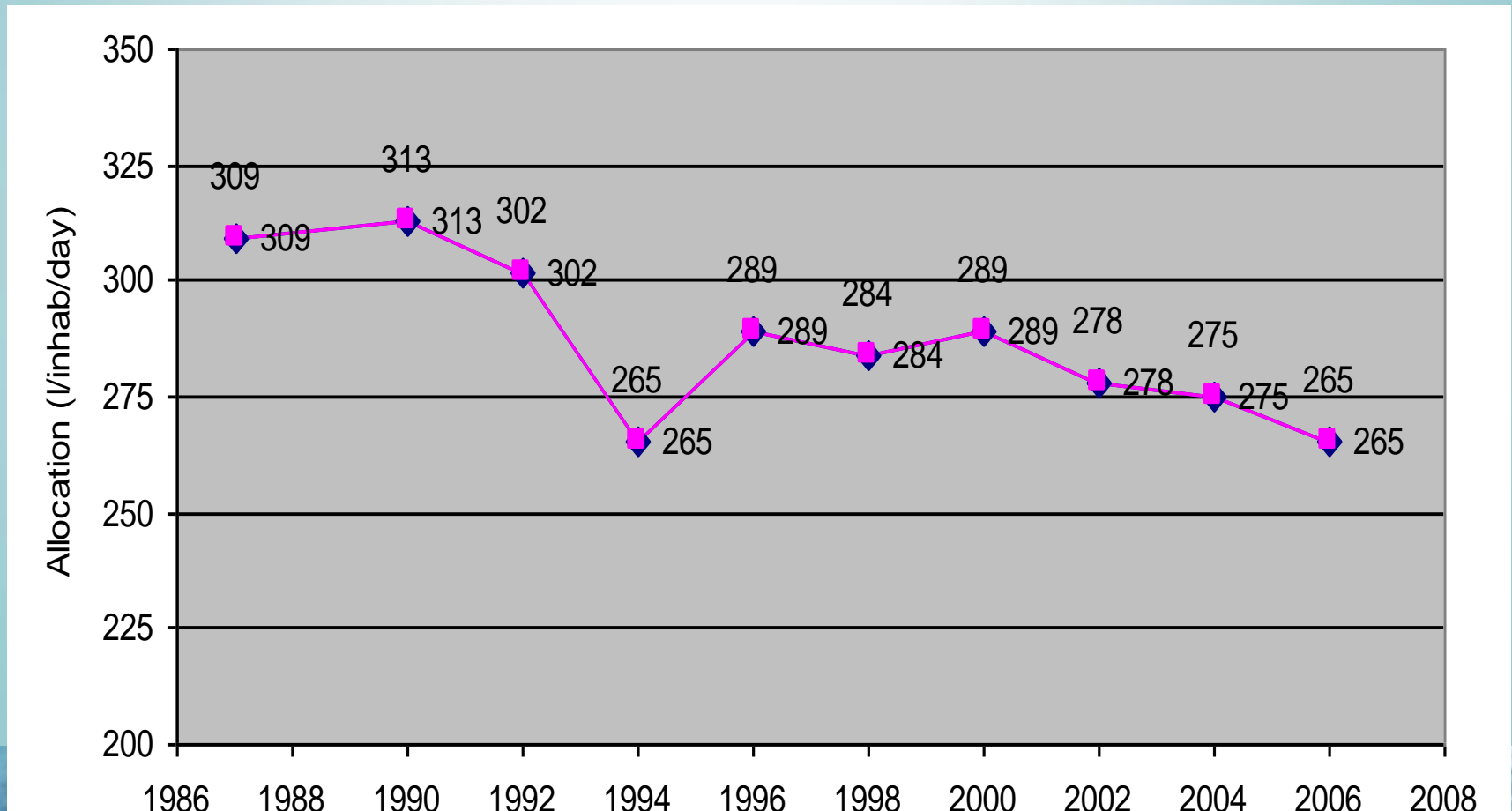
Practically the whole population have water supply and sewage services and quite high (80%) waste water treatment service.

Main Difficulties:

- Big urban concentration of Spanish population.
- Irregular rainfall, which makes necessary to build frequently large dams for inter annual regulation (reservoir).

1) Sector's general features (II).

Important unit consumption decrease during past years, thanks to awareness campaigns during severe droughts periods.



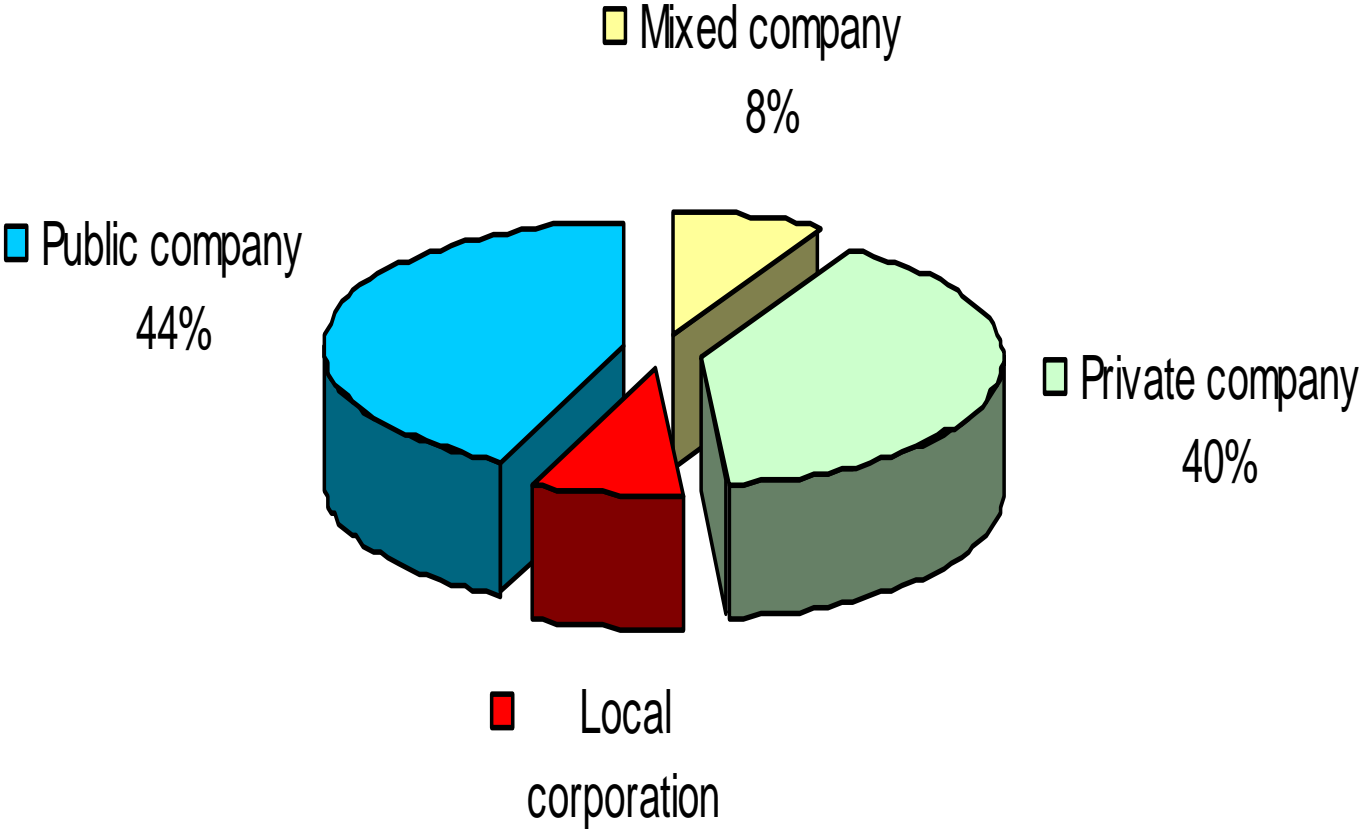
2) Entities in charge of the service (I).

Services include: regulation (reservoir), withdrawal, transport, treatments for water quality, distribution, sewage and waste water treatment.

In theory, according Basis of Local Regime Law, municipalities are the responsible entities with the aid of Provinces and Autonomous Regions.

Service can be carried out directly, through local corporations, or by public, mixed or private companies (in the last case through concession or assignment by public tender).

2) Entities in charge of the service (II).



Mixed company Private company Local corporation Public company

2) Entities in charge of the service (III).

Water Law assigns to the RBA the competencies on hydrological planning (origin of water), building and exploitation of main infrastructures (those of “general interest”) and authorizations for water use too.

RBAs are managed by the Autonomous Regions in the case of one-region RBDs or by State’s Government in the case of inter-regional RBDs. In this last case RBAs are called “CCHH” in Spanish (Entities with long tradition).

2) Entities in charge of the service (IV).

The State and the Autonomous Regions have created Public Societies (100%) to promote infrastructures, so they can apply for loans to banking sector (extra budgetary financing).

Global service can be rendered by only one entity or by several entities working in series.

For example, RBAs supply water through main network (not drinking water) to Autonomous Regions, Provinces and Municipalities (or their companies).

2) Entities in charge of the service (V).

	Hydrological Planning	Development and Financing	Exploitation /Management and Maintenance
Origin of water and use licenses	State. Autonomous Regions.		
Main infrastructures	State. Autonomous Regions. Municipalities.	State, Autonomous Regions, Provinces & Municipalities. Public, mixed and private societies.	State, Autonomous Regions, Provinces & Municipalities. Public, mixed and private societies
Small infrastructures	Autonomous Regions, Provinces & Municipalities.	Autonomous Regions, Provinces & Municipalities. Public, mixed and private societies.	Autonomous Regions, Provinces & Municipalities. Public, mixed and private societies.

3) Service Costs (I)

All entities rendering services, intermediate or final, must pay all necessary costs in order to carry it out (both investments and exploitation costs).

For example, water collection from wells is paid by the entity in charge of withdrawal.

From some years ago, the global cost of the service is about 6000 M€/year. Units costs are therefore:

	Volume	Unit Cost.
Supplied volume:	4.200Mm ³ /year.	1,43€/m ³ .
Charged volume:	3.300Mm ³ /year.	1,82€/m ³

3) Service Costs (II)

RBAs frequently supply water to municipalities through primary network, with water from large dams and main channels that they developed and still today exploit or manage.

They (RBAs) charge for their service to municipalities or autonomous regions two (2) special fees: TUA, “water use tariff” and “canon of regulation”), about 0,10 - 0,15 €/m³ jointly.

These fees are assessed every year according to Water Law dispositions. All exploitation costs are totally charged and only a part of the investments amortization (less % from national subsidies). The same happens with EU subsidies (FEDER or cohesion funds), which are not charged.

4). Fees and costs recovery (I).

Except some little municipalities, final user pays a monthly bill for water; in many cases for the **integrated water service**.

Bills are collected by the entity which renders the service.

Fees used are of binary nature, and the level is fixed by the public entity responsible for the service. If that were the Public Administration, fee is assessed to cover costs, except subsidies part; if that were a private or public company, fees must assure reasonable benefits for the company.

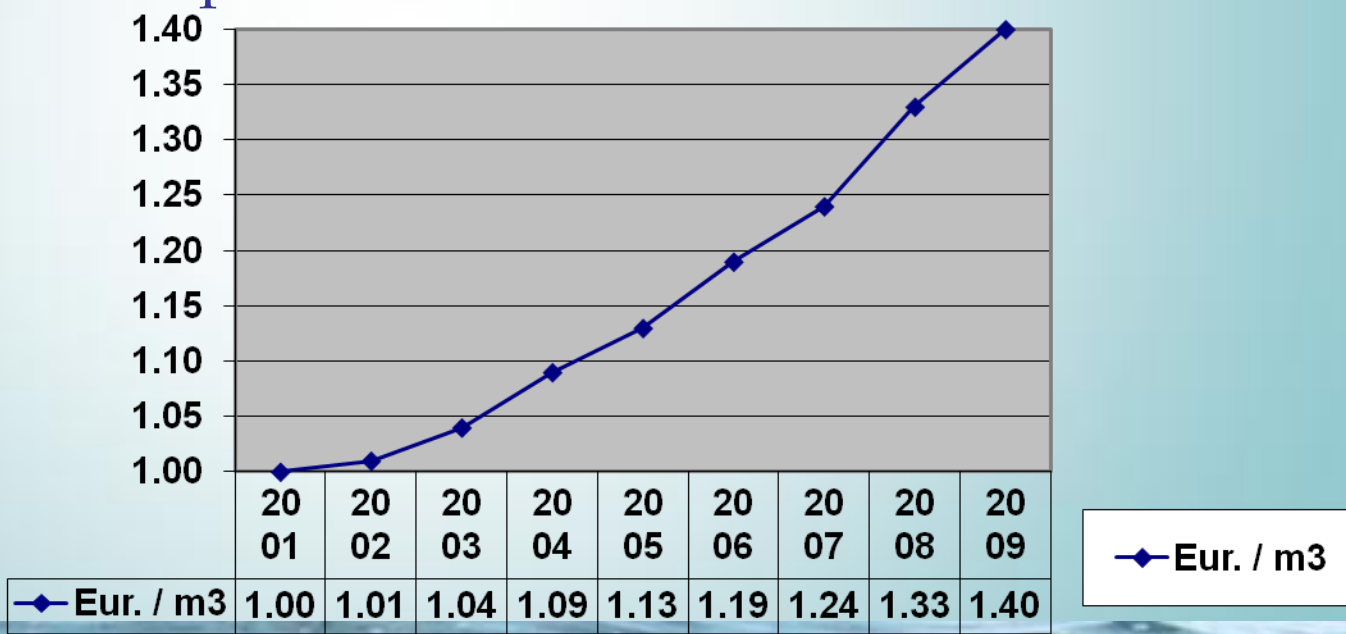
Is quite normal to increase the unit price when consumption increases (blocks), in order to encourage water save.

4). Fees and costs recovery (II).

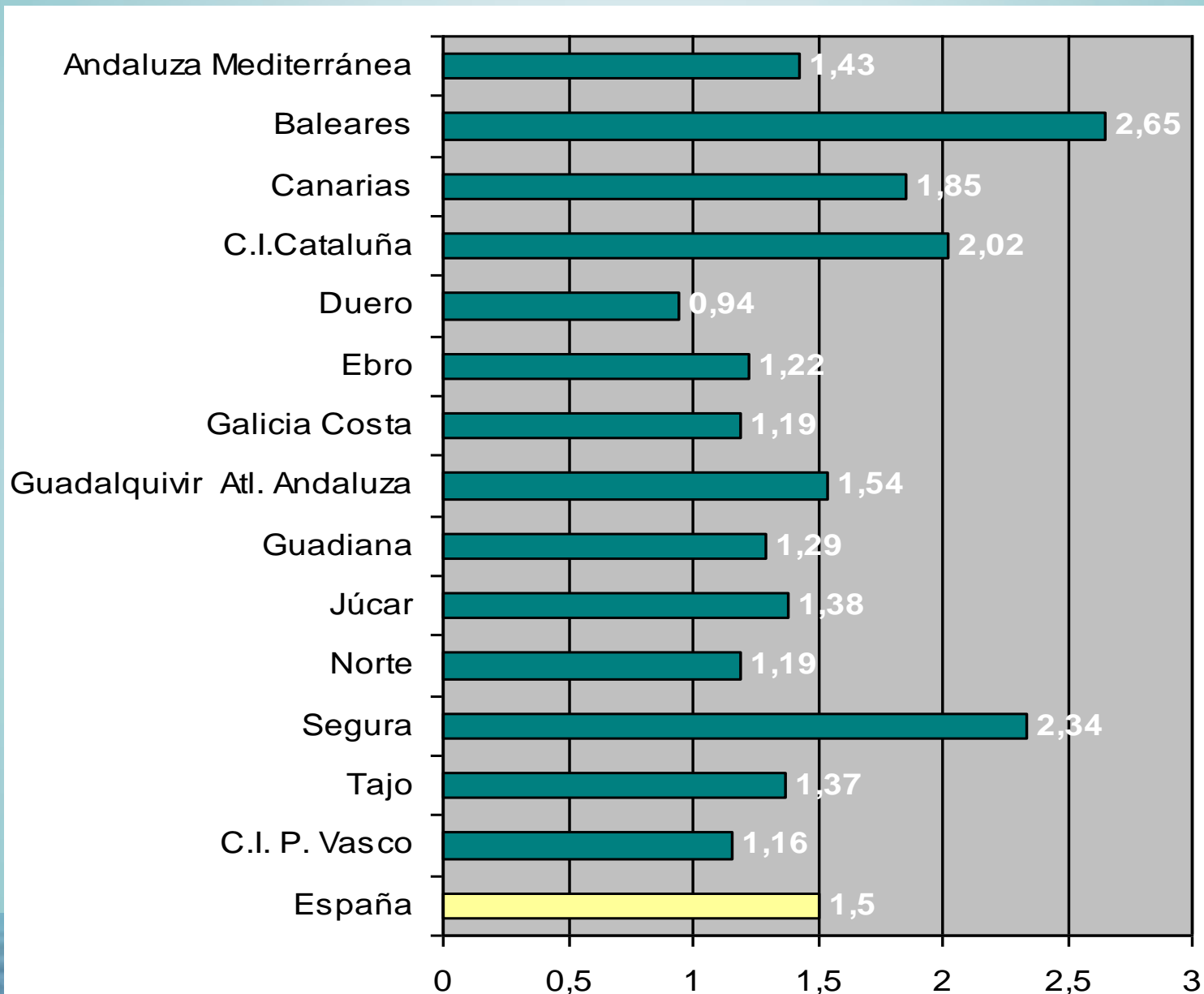
Current average fee (2009) for service, is about 1,5 €/m³ (<1,8), although there are significant differences, as you can see.

Average fee for domestic use is about 1,4 €/m³ as shows figure and table below.

In last years it has been increased the average price considerably and it is expected to rise more in the future.



4). Fees and costs recovery (III).



4). Fees and costs recovery (IV).

Total amount of payments from final users (2009) are estimated in 4.600 M€, circa 80% of costs paid by all the responsible entities, which rise to 6.000 M€.

Maybe it was a adequate policy for the past, but now we should go ahead, slowly but surely, towards a higher costs recovery rate.



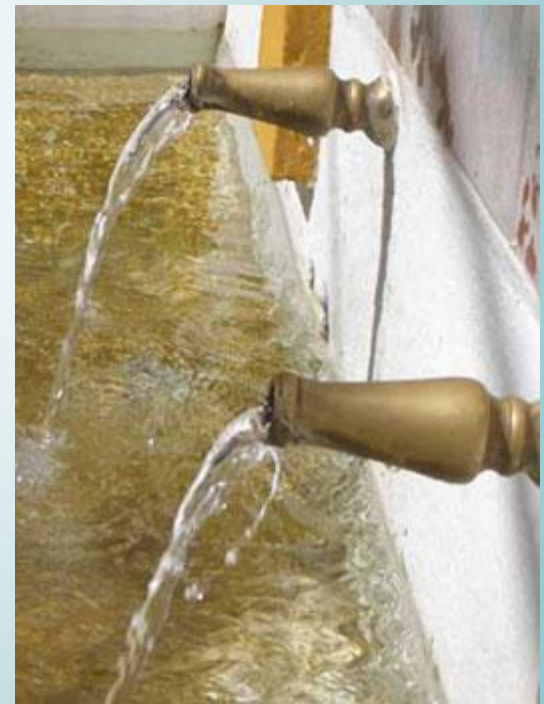
5). Conclusions and Acknowledgements.

Conclusions:

- Practically general spread of services.
- Joint participation, public and private, on infrastructures financing and carrying out these services.
- Importance of applied fees in Spain and their past and future increase.

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Thank you very much for your attention!

