

Selected indicators of water and sanitation systems in six European countries

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Organization & management in selected European countries

	<i>Public provision & operation</i>			<i>Outsourcing</i>		<i>PPP</i>			<i>Complete privatization</i>	
	Public auth. / direct publ. Prov.	Separate public company	Publicly-owned private company	Public company & private service contract	Public company & private management contract	Leasing	Concession	BOT or sim.	Privatizd. company	Cooperat. / self-organiztn.
AT	█									
DE	█			█						
E+ W									E	W
FR	█			█		█				
HU		█		█						
PT	█			█		█				

Indicators of the systematic comparison of national water sectors

Indicator & dimensions

Natural and structural frameworks (geography, urban/settlement structures, population density)

Spatial and technical organisation

Legal and regulatory frameworks

Companies and industrial structure

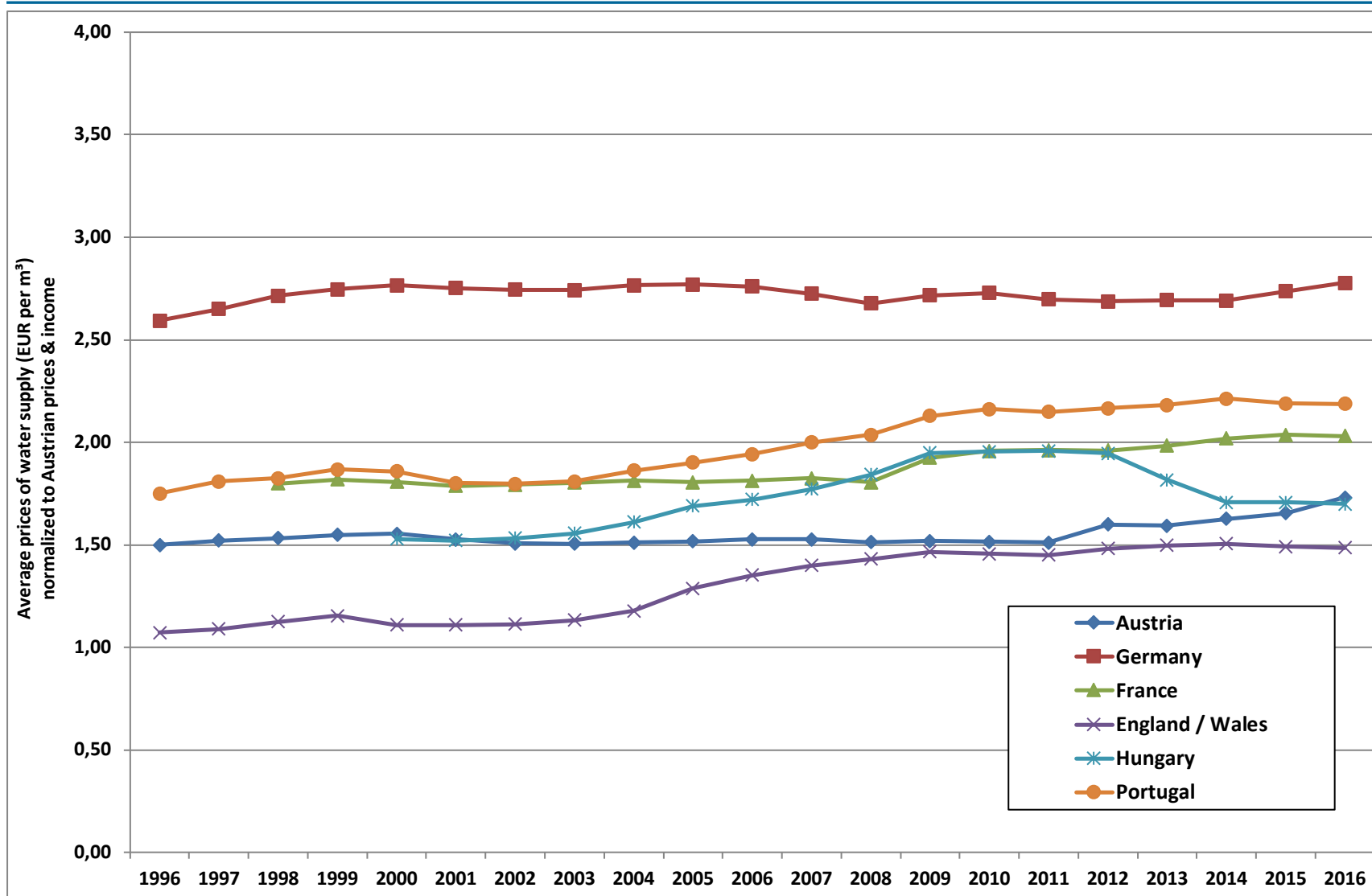
Costs, investments, financing

Utility fees, prices for consumers

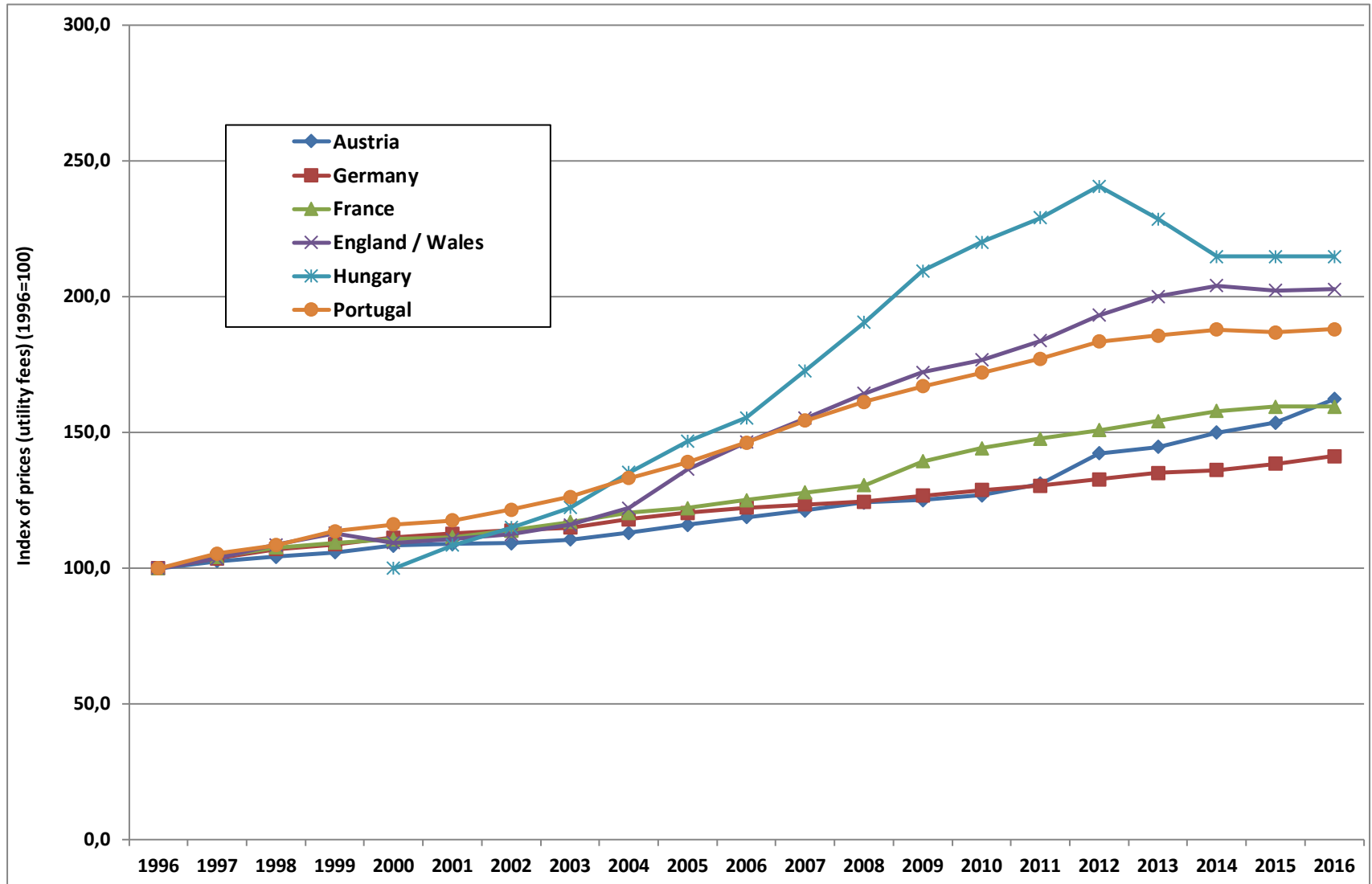
Quality management and ecological criteria

Specific consumers' and workers' interests

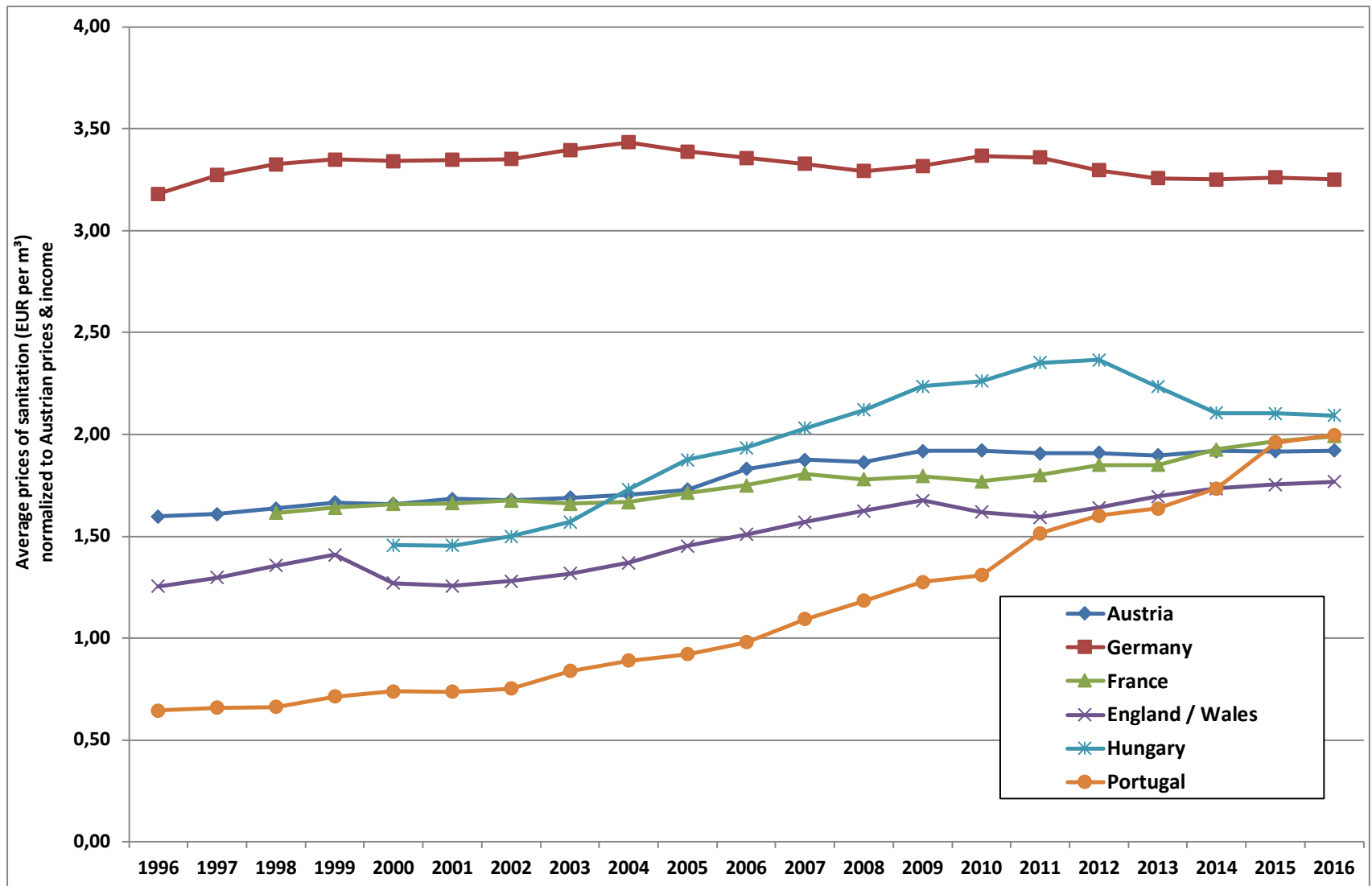
Development of prices: water supply (utility fees, EUR/m³)



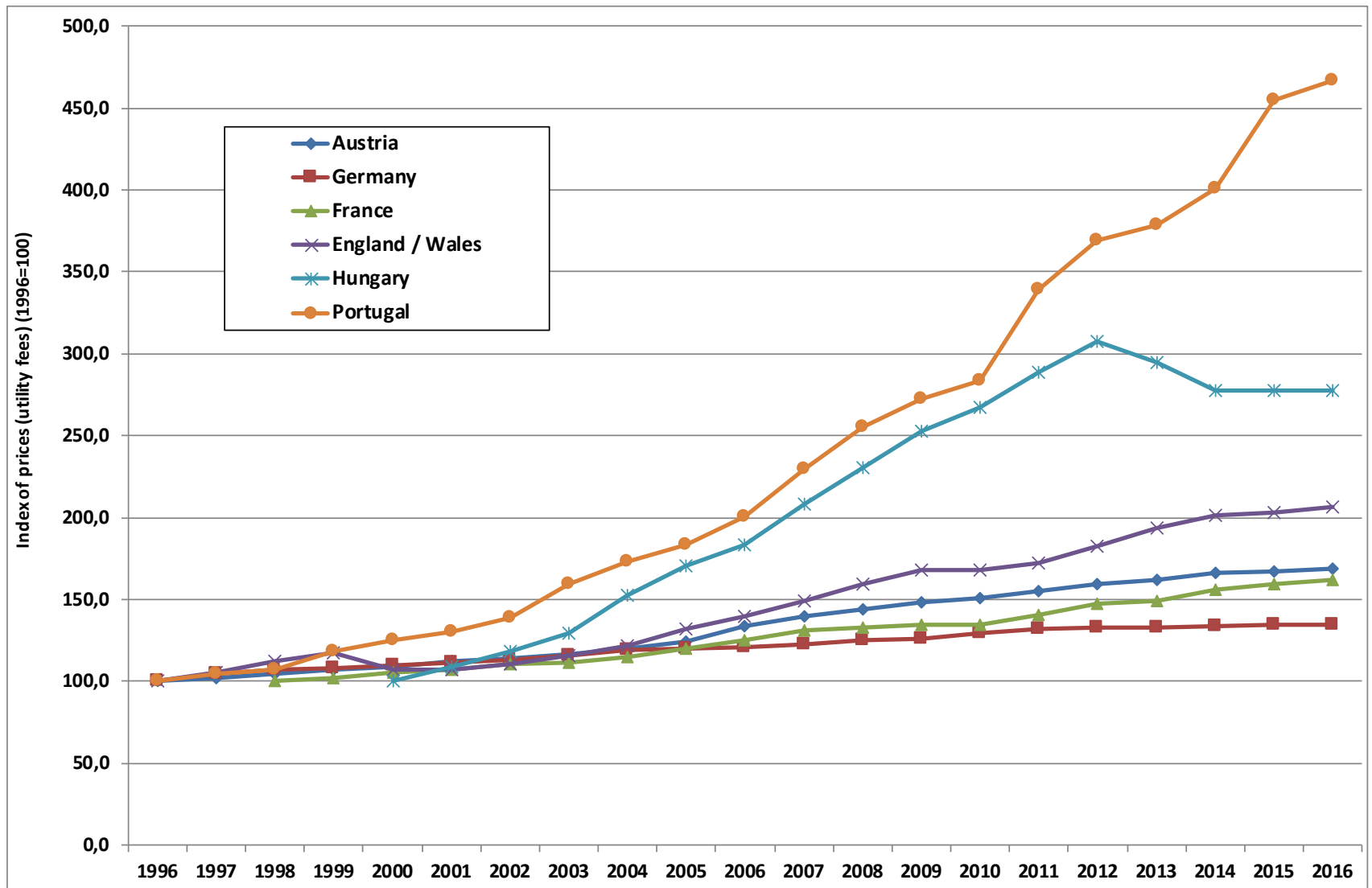
Development of prices: water supply (index of utility fees, 1996=100)



Development of prices: sanitation (utility fees, EUR/m³)



Development of prices: sanitation (index of utility fees, 1996=100)



Affordability of households' expenses of water supply and sanitation

Category			<i>Austria</i>	<i>Germany</i>	<i>France</i>	<i>England /Wales</i>	<i>Hungary</i>	<i>Portugal</i>
Size of private households	Persons /hh		2.2	2.0	2.2	2.3 ¹	2.3	2.5
Expenses for water supply	EUR/H H.a		188	239	210	197	75	199
Expenses for sanitation	EUR/H H.a		208	280	206	235	92	151
Affordability of water supply and sanitation	Share of expenses at hh income (%)		0.60	0.90	0.80	0.70	1.40	0.68
	Share of expenses at total consumers' spending (%)		0.89	1.32	1.07	2.26	1.55	1.23
	Share of expenses at median income (%)		0.80	1.19	0.92	1.02	1.66	1.97

Context: EU's Concession Directive

■ The EU's Concession Directive

- In 2011, EC argues for the introduction of concessions across a variety of infrastructure sectors as they would lead to efficiency gains of 10 to 30% (based on *one sole and dated* reference (Lundsgaard 2002))
- Mobilisation against it, including European citizens' initiative „*Right2Water*“, results in temporary exception for water services

■ This study sheds a different light on the efficiency argument

- Theoretically: Serious question marks on the “presumed efficiency of this [PPP] mode of organization” (Ménard und Peeroo 2011: 322).
 - Higher cost of private debt vs. public debt
 - Importance of transaction costs
- Empirically: Indicator-based comparison of national system and literature review for seven countries (AT, DE, FR, ENG, WAL, HU, PT)
 - Modest performance of PPPs in FR, PT, HU (Re-regulation, re-municipalization, price caps, phasing-out of PPP contracts)
 - Public systems (e.g. DE, AT), provide excellent quality at affordable prices

Summary and conclusions – pt. I

- Public water systems provide ...
excellent quality ...
at affordable prices.
 - Liberalization, deregulation and privatization do not result in higher efficiency (rather to the contrary)
 - Countries with extensive experience in deregulation and privatization:
 - Re-Regulation, re-municipalization, price caps, phasing-out of PPP contracts
 - Municipal water supply & sanitation should not be subject to private provision based on theoretical economic reasons as well as on empirical results of the systems comparison in this study.

Summary and conclusions – pt. II

- The „Austrian perspective“
 - Excellent public system
 - w.r.t. quality of services, level and development of prices (e.g. fees)
 - Nevertheless, there are potentials for improvements:
 - More transparency of fees and prices needed
 - Larger support for non-market competition (e.g. benchmarking)
 - Local / regional coordination and cooperation, e.g.
 - * Small local mergers of neighboring municipalities
 - * Inter-communal Cooperation
 - * Associations and cooperatives
 - * Outsourcing of the local provision to regional / provincial public companies
 - * Own publicly-owned („private“) companies

Summary and conclusions – pt. III

- „Never change a winning team“
 - Even in the hypothetical case of higher (private) efficiency of operation:
 - Transformation and transaction costs of changing the system (e.g. costs of information, concessions, contracts, monitoring, regulations)
 - Higher interest rates of private investments compared to public debt
 - Higher profit margins (profit maximization) vs. the common good



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Thank you!

Background photo: M. Getzner