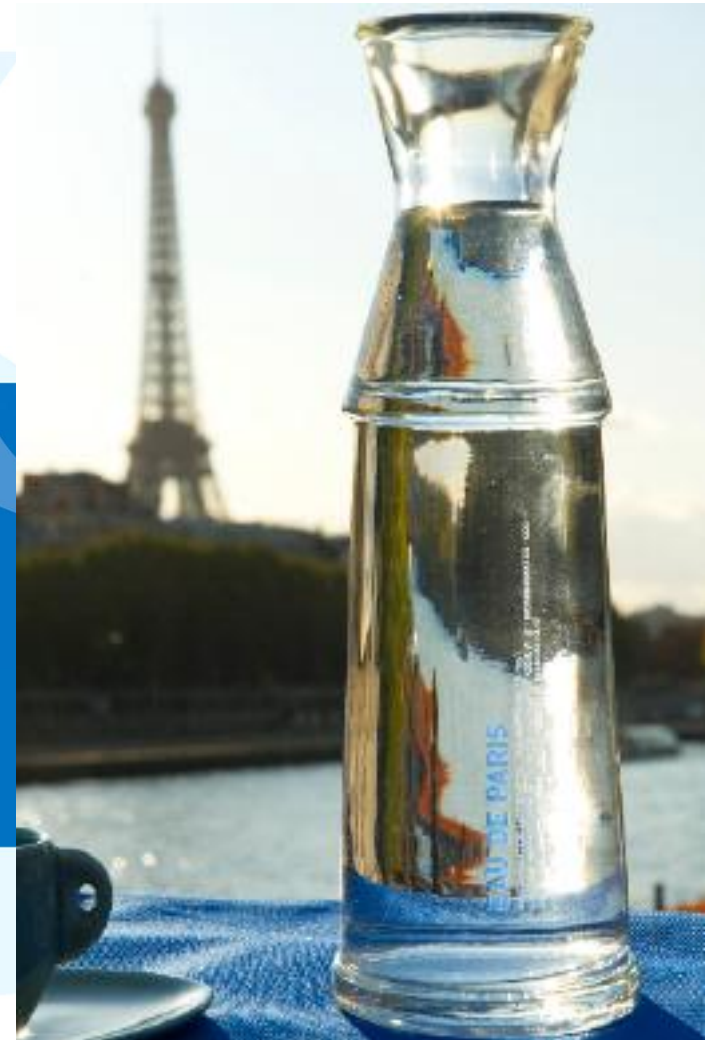


The remunicipalisation of Paris' water supply service

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sanitation and the management of Parisian canals
President of Eau de Paris



Outline of the presentation

- ❖ Part 1 – Background information on water service provision
- ❖ Part 2 – The reform process
- ❖ Part 3 – Benefits of the reform





PART 1

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BACKGROUND INFORMATION ON WATER SERVICE PROVISION

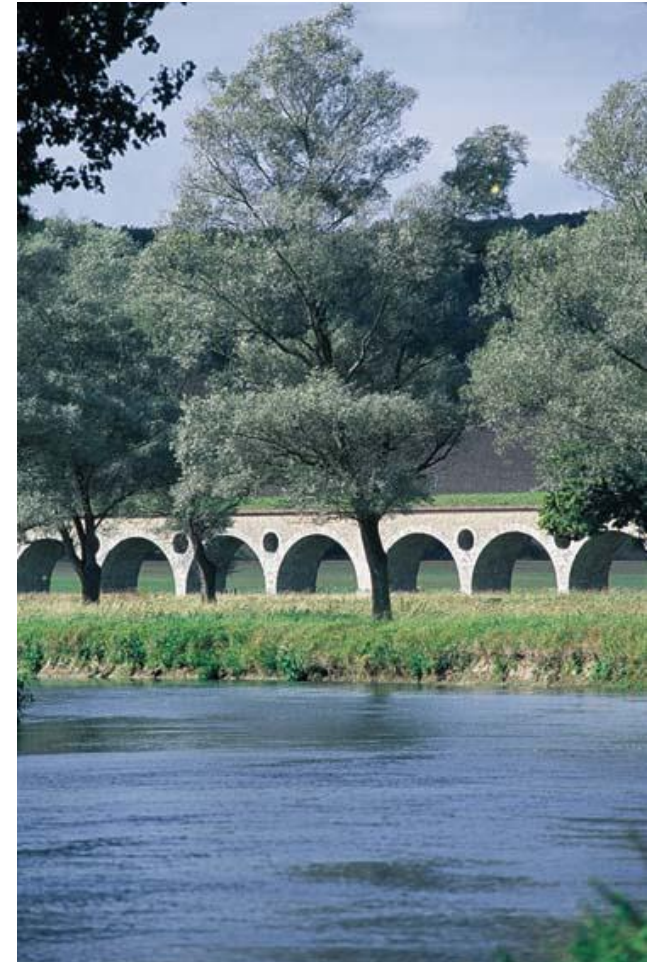
Paris' current water supply system



Key figures on Paris' water service

“ A densely populated city with no individual customers

- ▶ 2.2 million inhabitants within 100 km²
- ▶ 3.5 million daily consumers including commuters and tourists
- ▶ 93,000 subscribers
- ▶ daily consumption of 550 000 m³
- ▶ a 1,800 km long water network
- ▶ 470 km of aqueducts
- ▶ 1.1 Mm³ of water storage capacity
- ▶ A water supply network efficiency of 95% / Leakage rate of 5%
- ▶ 50,000 water samples analysed every year (300,000 parameters)



Avre aqueduct

Vanne aqueduct



Voulzie spring



Laboratory



Fizzy water fountain



Montsouris reservoir




Orly water treatment plant



Passy reservoir

France's approach to water service provision

- ❖ **Local authorities** have the overall responsibility for providing drinking water
- ❖ Service provision:
 - **Direct Public Management** : ownership and service provision are concentrated in one public body (municipality or group of municipalities)
 - **Delegated Private Management** : a private company performs the day-to-day activities necessary for the provision of the service. The local authority is responsible for regulation and monitoring

 **Delegated private management** is the most common form of water service management and operation with a control of **72% of the population** predominantly in large and medium-sized towns

France's approach to water service provision (contd.)

Since the 1990's independent reports have pointed out large scale **malpractices** within the system:

- **No procurement procedure** required to award contracts to private water operators
- Contracts can last for **decades**
 - ➔ the adoption of **1995 Sapin Law** tackled these issues
- **Weak approach** by public authority figures in regulating and monitoring private water operators
- A complete **lack of transparency** in the financial practices of private operators
- An escalation of the **price of water**
- Multiple parties including both **environmental and consumers associations** have applied continuous pressure for reform and transparency in water service management

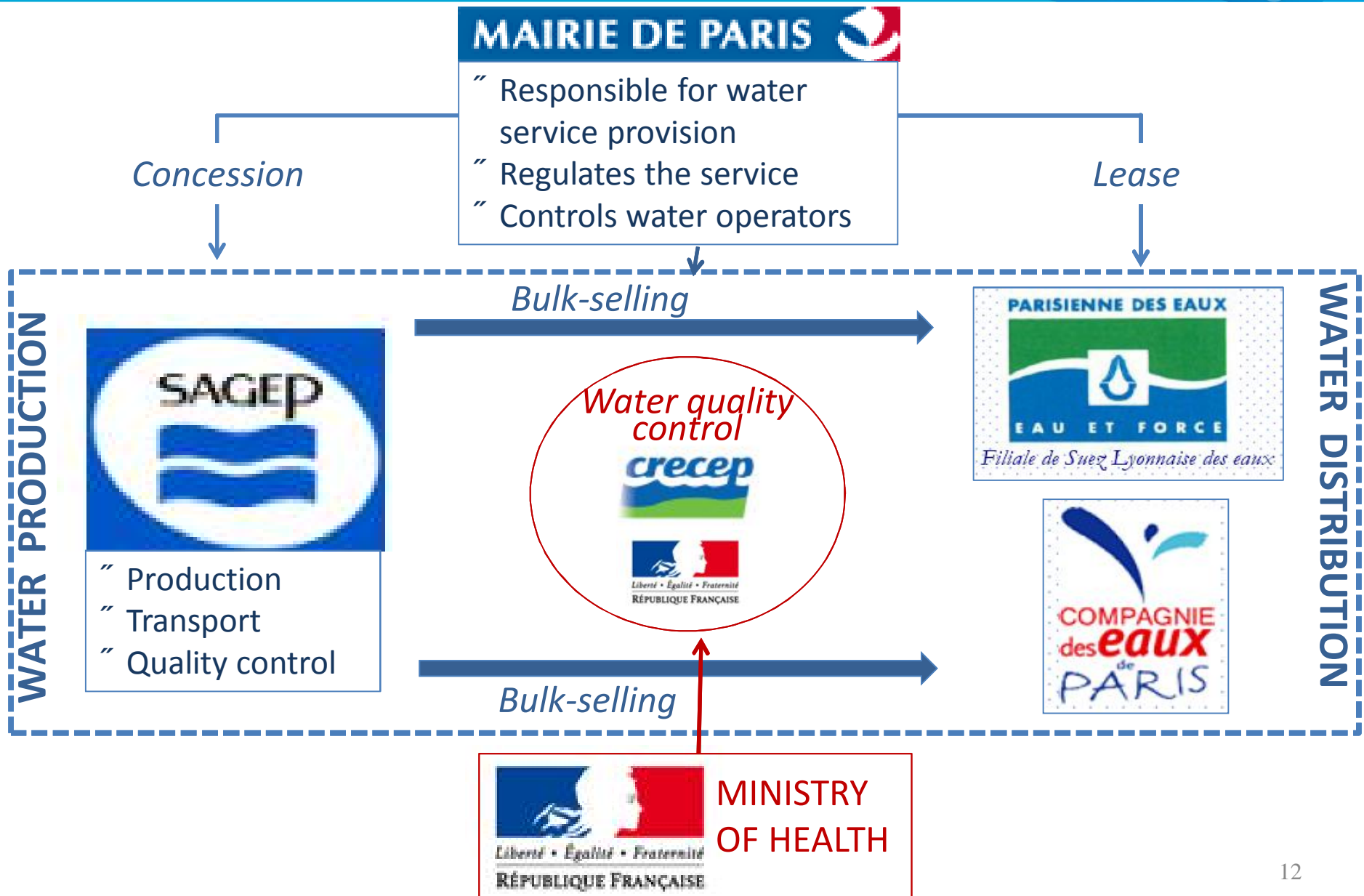


PART 2
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THE REFORM PROCESS

Paris' water service : a delegated private management for 25 years

- ❖ Until 1984: water supply is **publicly-managed** with the exception of customer services that are delegated to Veolia
- ❖ 1984: Decision by the Mayor of Paris to delegate Paris' water supply service ⇒ **three private entities** are introduced in two stages (*without a proper procurement procedure*)
 - . **Water distribution and customer services** are delegated to two private operators in 1985 for a 25-year period:
 - “ Eau et Force on the left bank of the River Seine (Suez)
27,500 subscribers
 - “ Compagnie des Eaux de Paris of the right bank of the River Seine (Veolia) - 65,000 subscribers
 - . **Water production and transport** to Paris are delegated to a semi-public company (SAGEP) in 1987 for a 25-year period
 - “ Shareholding : Ville de Paris (70%), Suez & Veolia (28%)

Paris' water supply prior to the reform



A complex and criticized system

- ❖ Contracts with the three operators:
 - concluded and awarded without a formal procurement procedure for a prolonged period of time (25 years)
 - lacked specific and challenging objectives

- ❖ Numerous public reports notably denounced the practices of private operators in Paris:
 - **Loss of technical expertise** by the local authority
 - **Lack of transparency** in private operators' management and a total profit-orientated approach (secured revenue)
 - **No platform** for regulating private operators:
 - Technical objectives absent
 - SAGEP assigned by the municipality to control the activities and practices of Suez and Veolia (SAGEP shareholders)

“The wind of change”

2001: Change in **political order** (Bertrand Delanoë is elected Mayor of Paris)

➔ 2002: A **specialised unit** is set up within the municipalities' services, with the responsibility of policing the activities of private operators, financed by a charge given to water users

➔ 2003: **Negotiations** between Paris and the three operators with the objective of rectifying the inadequacies of the contracts:

- ❖ Implementation of an **ambitious investment plan** to be carried out by Veolia and Suez without any impact on water tariffs (**153 M€**)
- ❖ Adoption of **detailed objectives**, notably to improve the water network efficiency
- ❖ Veolia and Suez to part with their shares in SAGEP

A political ambition to reform the service

In spite of positive outcomes problems remain (overlapping, financial monitoring, etc.):

- ❖ 2006:
 - “ **Studies** (legal, economic, etc.) are launched to explore pathways to improvement
 - “ A **steering committee** derived from members of the Council of Paris is established to oversee these studies
- ❖ 2007: The remunicipalisation of Paris' water service appears in the Mayor's campaign manifesto as a **key item**
- ❖ March 2008: B. Delanoë and the same left-wing coalition are re-elected

Steps leading to the reform

- ❖ April 2008: Legal and administrative implementation of the reform with the objective to complete the remunicipalisation by 31 December 2009
- ❖ November 2008: Council of Paris deliberates regarding the establishment of the public entity Eau de Paris
 - A **political decision** : water is a public good and should be managed directly by the local authority
 - An **administrative decision** : managerial efficiency and optimisation



Steps leading to the reform *(contd.)*

- ❖ 1 May 2009 - Water production activities transferred to Eau de Paris & SAGEP dissolved
- ❖ 2009 – Negotiations with:
 - the unions on the drawing up of a collective agreement for the staff from the private operators
 - Suez & Veolia on the purchase of all the water distribution equipment and the transfer of staff
- ❖ 31 December 2009: Water distribution activities transferred to Eau de Paris



Paris' water supply after the reform

MAIRIE DE PARIS



- ” Responsible for water service provision
- ” Regulates the service
- ” Monitors Eau de Paris



- ” Production
- ” Transport
- ” Quality control
- ” Investments
- ” Customer services
- ” Billing

Water quality control



RÉPUBLIQUE FRANÇAISE

**MINISTRY
OF HEALTH**



PART 3

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BENEFITS OF THE REFORM

Positive outcomes of the reform

- ❖ The remunicipalisation enables **easier control** and **oversight** from:
 - “ the municipality
 - “ a participative body, the “Observatoire de l’eau”, mainly comprised of water users
- ❖ Revenues derived from the services provided are **reinvested** into Eau de Paris resulting in:
 - improved control of the price of water
 - the development of social measures to ensure the Right to water for all



A better regulated service

- ❖ Regulation implemented by means of a **memorandum of understanding** (MoU) between Eau de Paris and the municipality
- ❖ Numerous **performance indicators** introduced in the MoU to guarantee service standards and efficiency
- ❖ **Continuous monitoring** of Eau de Paris' performance through regular technical meetings between Eau de Paris and the municipality
- ❖ **Annual activity report** submitted by Eau de Paris to the Council of Paris ensuring that all points of the MoU are fulfilled
- ❖ **Benchmarking** exercise carried out (France & Europe)

Water users at the heart of the service

➤ The « Observatoire parisien de l'eau »

❖ A **participative body** that is a platform and a channel for the transfer of information, discussions and debates on water issues

❖ Objectives

- A **support to the municipality** in defining and implementing its water policy;
- A **link** between citizens and the municipality
 - to raise concerns and transmit requests from users;
 - to inform Parisians on current issues related to water

❖ Members

- Representatives of **water users**
 - Public & private housing management agencies
 - Tenants associations,
 - Consumer associations,
 - Trade unions,
 - Environmental associations
- Members of the Council of Paris and of local Councils
- Technical partners of Paris' water service

Water users at the heart of the service

➤ Active involvement on all water-related subjects

❖ Example of issues tackled by the “Observatoire”

- Water service reform (service administrative rules, Memorandum of Understanding)
- Elimination of all lead pipes in the water network following reinforced European regulations on lead concentration in water
- The Right to water for all
- and more recently the reduction of water tariff

❖ Modus operandi

- Organisation of a consensus conference on the future of Paris’ non-drinking water network
- Setting-up of working groups on technical subjects
- Organisation of meetings open to the general public
- Participation of a member of the “Observatoire” in Eau de Paris’ administrative council

Water users at the heart of the service

❖ An **innovative approach** to water governance

	Eau de Paris' Management Board
Administrators with voting rights	10 elected representatives from the Council of Paris 2 employees representing Eau de Paris' staff
Administrators with consultative rights	5 administrators : " 3 representatives for the civil society : one of French largest consumer association, a nation-wide environmental association and a representative from the "Observatoire" " water expert from a national water research centre " expert on water governance and participatory methods

Offer the highest quality service at the lowest possible price

❖ Economic gains thanks to the new service organisation

Profit margin projected at **35 M€ per annum** as a direct result of the reform (no dividends issued, optimised efficiency due to consolidation, tax exemptions)

❖ 8% reduction in water tariffs (1 July 2011)

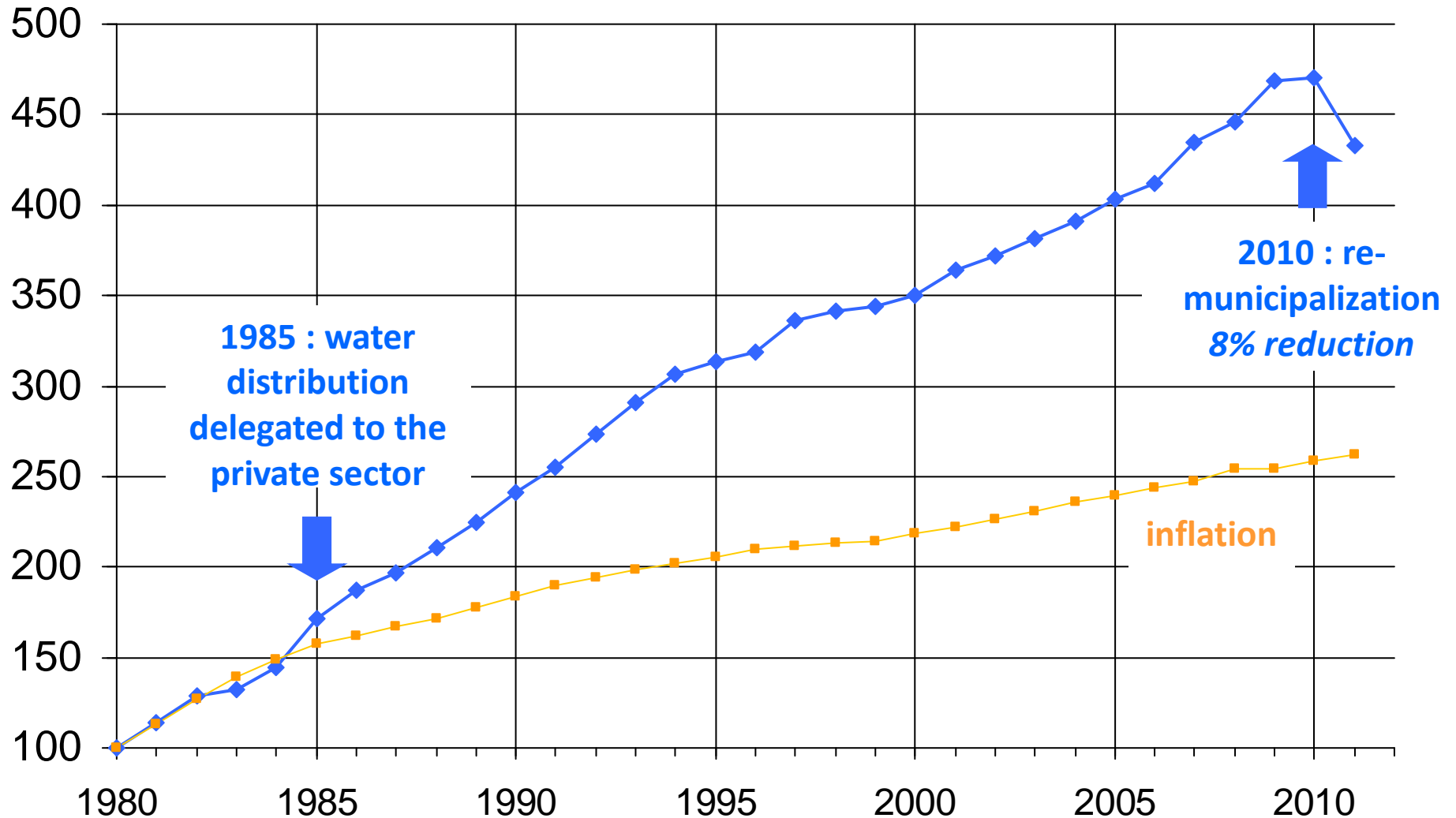
- Opposite trend between 1985 and 2008 with a 260% raise in prices
- A **saving of 76 M€ for water users** between 2011-2015 as a result of the 8% price reduction
- Water price: **0,9627€/m³**, well below National average

❖ High standards maintained

- High level of investments (70M€ per annum)
- Ambitious water resource conservation policy
- Improved service efficiency

Offer the highest quality service at the lowest possible price

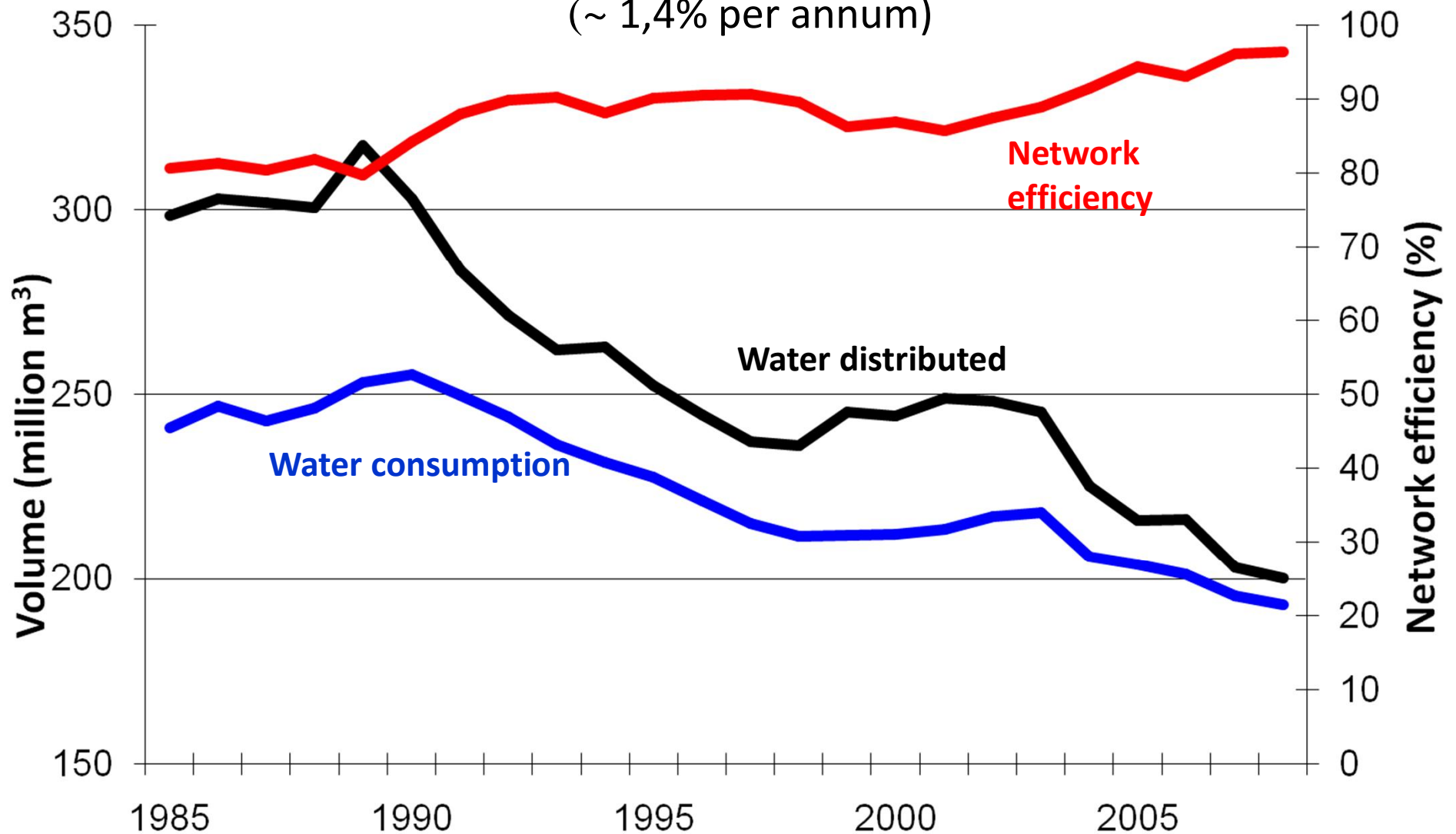
❖ Reduction in water tariffs following the reform



Offer the highest quality service at the lowest possible price

❖ 25% decrease in water consumption over a 25-year period

(~ 1,4% per annum)



Guarantee the Right to water for all

❖ Preventive measures

- **Price subsidy** for 41,000 beneficiaries in 2010, receiving an average of 70€ per annum
- Supply and installation of 15,000 **water economisers** (savings of 100 € on energy and water bills annually, water consumption reduced by approximately 15%)

❖ Curative measures

- In 2011 Eau de Paris doubled its contribution from 250,000 € to 500,000 € to the Housing Solidarity Fund which is responsible for issuing **financial benefits** to users encountering difficulties to pay their water bills

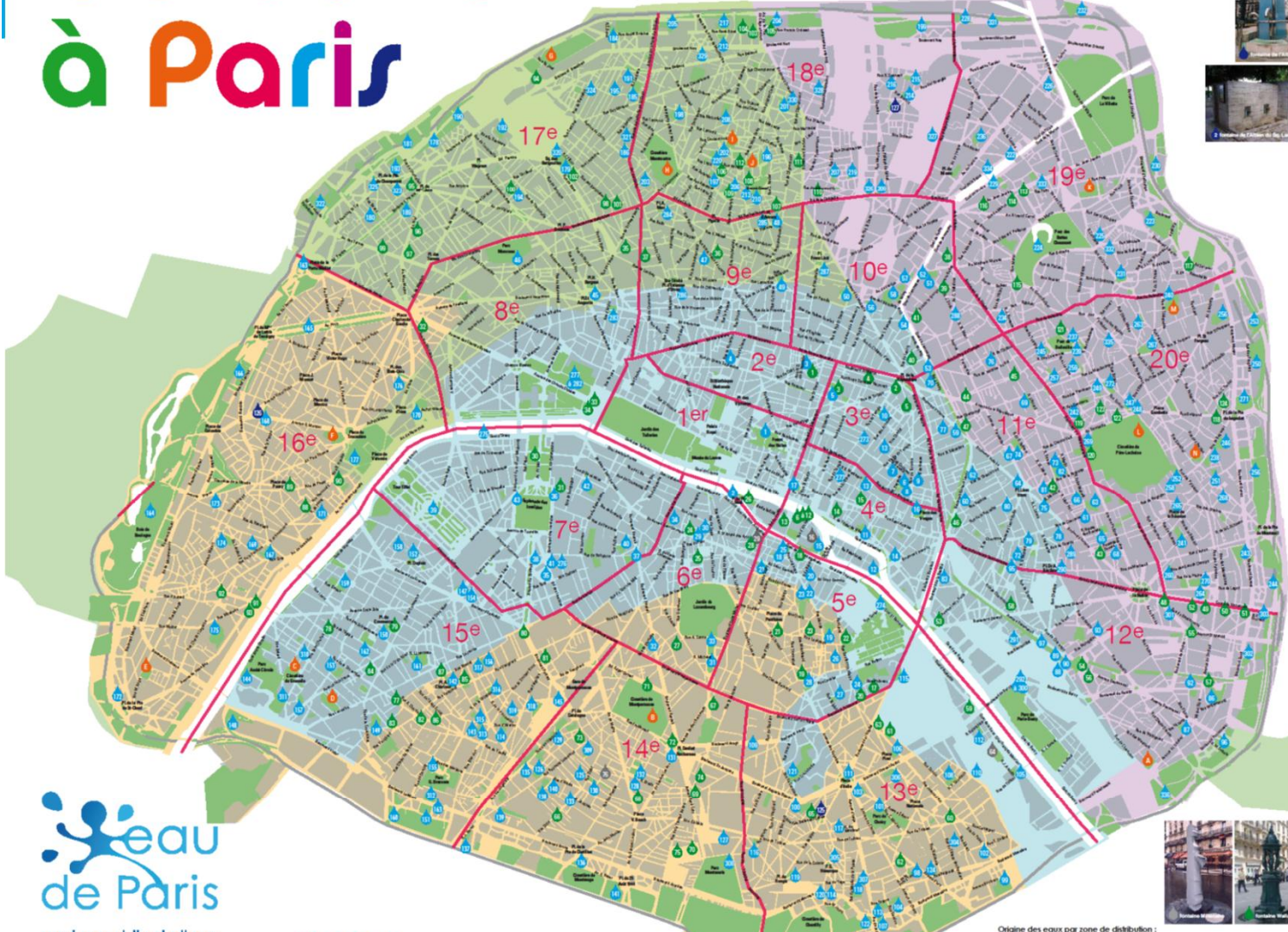
➡ 5,500 beneficiaries in 2010 receiving an average of 80 € per annum under this programme

❖ Access to water for the marginalised

- Water supply maintained in **squats** until a legal eviction notice has been passed and provided an agreement has been signed between Eau de Paris and the squatters
- Increase **free access to water and sanitation on the streets** (drinking water fountains, toilets), distribution of flasks and jerry cans as well as maps with water spots

Où boire l'eau à Paris

LISTE DES FONTAINES



- 17^e arrondissement**
- 1. Place de la Sorbonne
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 - 20. Place de la Sorbonne



service public de l'eau
 Tél. : 0974 506 507
 Appel non surtaxé
 9, rue Victor Schoelcher
 75675 Paris Cedex 14
 www.eaudeparis.fr

Pour commander d'autres exemplaires de cette carte, contactez nous.
 Janvier 2010, imprimé sur papier recyclé.

Dans Paris, dégustez une eau de qualité grâce aux fontaines mises à votre disposition 24h/24, 7j/7, sur la voie publique et dans les bois. Des fontaines sont également accessibles dans les parcs, jardins, squares et les cimetières aux heures d'ouverture.

Origine des eaux par zone de distribution :

- eau de la Seine et eau de la Marne traitées
- eau des sources de l'Ave traitée
- eau des sources de la Vauve et eau de la Seine traitées
- eau des sources de la Loing et eau de la Vauve traitées

Donc les fontaines :

- 1. Fontaine de la Vierge
- 2. Fontaine de la Vierge
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Conclusion: an innovative public approach to water service management

❖ Commitments to our water users...

- “ Offer the **highest quality service** at the **lowest possible price**
- “ Guarantee the **Right to water** for all Parisians regardless of circumstances through a social support mechanism
- “ Putting water users at the **heart of the service**: offer services of the highest standards that meet users' expectations and assimilate users in the governance process

❖ ... keeping in mind the following objectives:

- “ **Environmental** objective: manage responsibly vital and endangered water resources
- “ **Democratic** objective: monitor the management of the service closely
- “ **Economic** objective : financial transparency and cost control