

**Ministry of the Environment
Postbox 8013 Dep
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Sandefjord, May 10 2009

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Our ref.: 3234-1/2009

**STATEMENT TO THE PUBLIC HEARING ON
“PROPOSED LAW ON MUNICIPAL OWNERSHIP AND MUNICIPAL WATER AND
SEWAGE FEES”
(STATUTE MAKING ON MUNICIPAL OWNERSHIP OF WATER AND SEWAGE
PLANTS)**

The background for this proposed law is a Parliamentary decree of April 3, in which “The Parliament asks the Government to make a proposal on a change of the existing set of laws to secure complete public ownership of water and sewage infrastructure. The law must make exceptions from public ownership for water and sewage facilities which are organised as non-commercial private cooperatives owned by water users, so that the existing organisation of ownership can be continued”.

Summary

We agree to what we perceive as the intention behind the original proposal, namely to secure water as a common good. However if this intention is to be fulfilled, our opinion is there must be another form of organization than municipal ownership with the possibility of outsourcing, as proposed by the Ministry. The proposed law also lacks a clause against commercialisation. The organisations listed below deem it necessary to make an explicit ban against commercialisation. ¹

¹ Commercialization is here defined as circumstances where ownership and operation are split up into separate enterprises and where the operators are given opportunities to take out profits, regardless of whether the company is public or private.

Background

We dispute the claim that municipal water and sewage plants are in fact owned by municipalities. The so-called “municipal facilities” are owned by the water users, but are operated by the municipalities. In this sense it is impossible to talk about ensuring that water and sewage infrastructure remains completely in the public sector. The “public” water- and sewage plants” are non-commercial private cooperatives owned by the water users. A widespread misunderstanding amongst politicians has made it possible to reorganize certain “municipal” water and sewage plants into separate entities, owned by the municipalities. This is a serious legal mistake.

Water and sewage plants are owned by the water users, not municipalities.

Transferring ownership to the municipalities, as the proposed law suggests, must be considered a violation against the social structure that the water and sewage sector has had until today. Earlier generations have made huge contributions to water and sewage treatment, without thoughts of profit-making. Investments have been made with a 100-year perspective. Divesting the ownership of water and sewage plants from the water users would be tantamount to theft. Not least it would have consequences for future generations.

Water supplies being run by municipalities today were historically established as non-public, directed by the water users themselves. Since then, the municipalities have taken over operations, and in many cases merged several smaller facilities into a larger one. This does not however change the ownership. Exceptions from these cooperatively owned facilities are small private facilities owned by one person. Most, if not the biggest water supplies in Norway, are run by the water users themselves. In addition there are several hundred thousand individual solutions.

We have, in other words, long historic traditions of direct democratic participation in water and sewage management.

The fact that water users own the water and sewage facilities are expressed in water and sewage budgets, which are strictly separated from municipal budgets. Water and sewage are financed by water users through separate fees. The water users also finance the technical division in municipalities that are operating water and sewage.

The international trend amongst those not in favour of commercialisation of water and sewage, is still direct democratic participation. This counts especially for the water supply which is naturally vital for all of us.

"El agua es del pueblo – el agua es nuestra"

There are several reasons for maintaining the water user ownership model in a new law on water and sewage.

There is growing pressure for commercialisation of the public sector, illustrated recently by the “Services Directive” from the EU. But the directive will not include water and sewage as long as these remain owned by the water users themselves.

This form of ownership, when guaranteed by law, is a means to secure the sector against a common pressure for commercialisation. It is also vital to include clauses that prohibit water from becoming a commodity in a market.

Public Commercialisation?

The existing proposal for a law on public ownership of water and sewage facilities has no clause against commercialisation. The fifth paragraph in the law states that municipalities decide the fee, but nothing about the fee only covering actual expenses. This is what “cost recovery” has meant until recently. (The concept of “cost recovery” was redefined in 2003 and currently allows for profit making when stipulating capital costs. “Cost recovery” is therefore no longer synonymous with “non-commercial”). *The proposed law appears to open up for public commercialisation.*

Public ownership of the water supply, made legally binding, could create a commercial system, similar to that in the electricity sector.

The previous Minister of Municipalities and Regions, Erna Solberg, aimed to put in place such a system. She changed the rules regarding stipulation of cost-recovery, introduced benchmarking, and ordered a study on framework financing for water supply management, similar to that implemented for electricity supply. Municipalities can, especially in difficult economic times such as these, be tempted to raise their income from the water and sewage sector. The Federation of Municipalities (KS) put forward such an argument in 2005 (KOU 2005:1).

Outsourcing

The proposed law gives municipalities the right to outsource operations to the private sector. In practice, this means transnational corporations. Companies such as these are naturally interested in operating water and sewage to the extent that this pays off. Outsourcing can in these terms be understood as commercialisation. The Services Directive applies to any commercialised public agency. Whether municipalities themselves make an income from water and sewage or not, outsourcing would make water and sewage subject to the Services Directive. The GATS agreement on international trade within the World Trade Organisation is another supra-national directive that would affect a commercialised water supply.

Outsourcing and commercialisation can be avoided by keeping ownership of water and sewage in the hands of the water users - the citizens – and by strengthening this ownership legally. In addition there should be a law banning the sale of water on terms other than those consistent with the previous definition of cost recovery.

Conclusion

We believe that it is of vital importance that water and sewage facilities, as well as extraction of water for sale, are made subject to direct democratic control. Water and sewage facilities can only be owned by the water users themselves. Water and sewage should not be commercialised. Water is not a commodity!

The above statement is supported by the following organisations:

VANNBEVEGELSEN / WATER MOVEMENT

www.vannbevegelsen.no

**FIVAS /Organisation for International Water Studies
Foreningen for Internasjonale Vannstudier**

www.fivas.org

SPIRE /Development found

www.utviklingsfondet.no/spire

Småbrukarlaget / member of La via Campesina

www.smabrukarlaget.no

Internasjonal kvinneliga for fred og frihet IKFF / WILPF Womans International League for Peace and Freedom

www.ikff.no

Norges Fredslag / The Norwegian Peace Association

www.fredslaget.no

Buskerud Nei til EU / No to European Union (Buskerud)

www.buskerud.neitileu.no

Social Development Group (Norway)

www.globenet3.org

Kystpartiet / Coast party

www.kystpartiet.no

Rødt / Red Party

www.roedt.no

Miljøpartiet De Grønne / Green Party Norway

www.gronne.no

Tverrpolitisk Folkevalgte / Cross Political Peoples Elected

www.tvf.no

Sandefjord Pensjonistparti /Pensioners Party (Sandefjord)

www.pensjonistpartiet.no

STELLA POLARIS

www.stella-polaris.com

Zirk Mir

www.zirkmir.com

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Food and Water Watch

www.foodandwaterwatch.org

Wasser in Bürgerhand

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Yaku (Italy)

Italian forum water movement

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www.yaku.eu

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IERPE (European Research Institute on Water Policy) in Brussels (B)

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Council of Canadians / London Chapter

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<http://councilofcanadianslondon.wordpress.com/about/>

L'Acqua di Prevalle, Italia

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Comitato Acqua Pubblica Aprilia (Lazio- Italy)

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<http://www.de.unito.it/web/member/bianco/personal-inf.htm>

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Comitato No! Acqualatina di Bassiano (Lazio - Italy)

(Italian Forum of Movements for Public Water)

**Comitato locale del movimento italiano per l'acqua
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The Water Forum of the Abruzzo Social Forum (Italy)
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