

PUBLIC WATER MANAGEMENT SERVICES IN LATVIA (OPERATORS POINT OF VIEW)

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Value of the resource

One of the most important natural resource is

WATER



according to the World Health Organization, 1.6 mln. deaths worldwide are due to diseases caused by insufficient water quality or lack of water

(Bartram et al, 2005)

Water is essential not only for individual consumption; it also supplies almost all sectors of the economy - from producing energy to agriculture.

Meaning of the resource



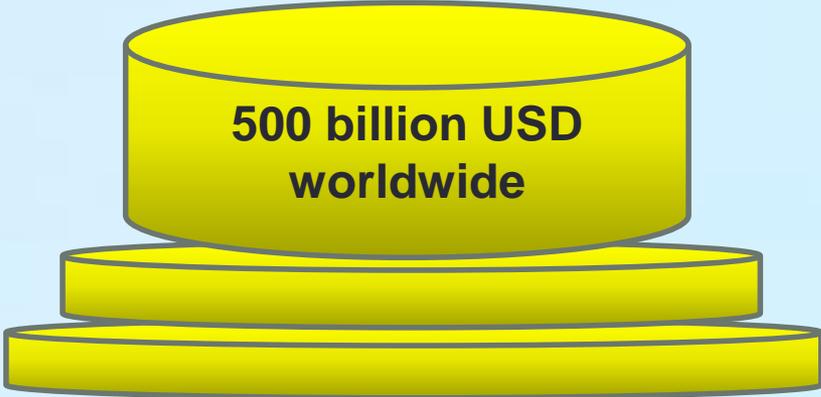
**Water =
BUSINESS**



**Water =
HUMAN
RIGHT**

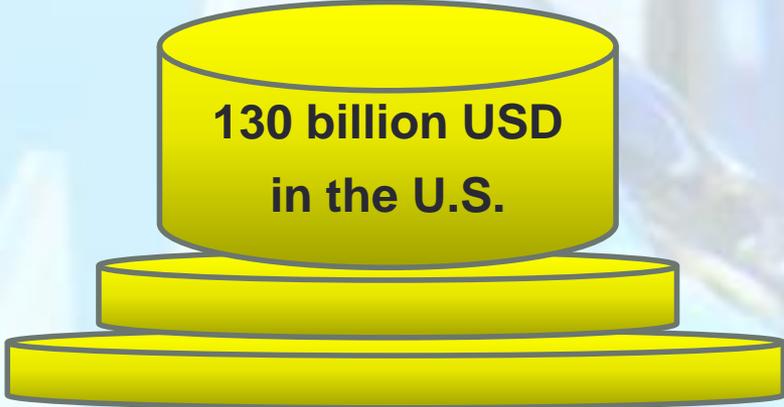
Value of resource business

(Maxwell, 2011) Water management sector revenue assessment in 2011 indicates the amount of income of



**500 billion USD
worldwide**

and



**130 billion USD
in the U.S.**

United States bottled water market in 2014 were \$13 billion in wholesale dollars, a 6.1% increase over the previous year. *(The total amount of bottled water Americans buy in one year would only supply U.S. tap water needs from midnight until 9 a.m. on January 1)*

 **Latvian budget** for 2015 is **8,7 billion USD**

 Public Water companies **turnover** in actual prices was **91 MEUR** (2014)

Water management subsector in Latvia, in comparison with entire industrial sector (% of industry)

	The number of enterprises	Turnover ratio	Production value	The added value	Number of employees
Water collection, treatment and supply	0.59%	0.67%	0.84%	1.72%	1.40%
Wastewater collection and treatment	0.67%	0.40%	0.52%	1.14%	1.14%

Water management legislation

EU level

- Water framework directive
- Urban waste water treatment directive
- Drinking water directive
- Bathing water directive
- HELCOM – Baltic Marine Environment protection commission (9 countries and EU)

National

- Law on Environmental protection
- Law on Water management services
- Law on Municipalities
- Building Law

GOALS

- To ensure good quality of all water bodies across the EU
- Reduce emissions from wastewater treatment plants, prevent the pollution of groundwater
- Provide good and safe drinking water service

Law on water management services



Law on water management services

**① Defines overall water and wastewater services:
de-centralised services, services for rain water collection etc.**

**① Only part of water and wastewater services is regulated
public water services**

**① Smaller public water services suppliers should be regulated
by local municipality**

① Service border = property border

**① For regulated services invoices should be set by measured
values (commercial water meters should be installed on
property border or within point before customer could use
water)**

Water management services definitions

**Public
Centralized services-
regulated market**

- ✓ Water abstraction, water treatment and distribution,
- ✓ Wastewater collection, wastewater treatment and discharge

Private - free market

- ✓ Private water abstraction, treatment,
- ✓ De-centralised wastewater collection, treatment,
- ✓ Industrial wastewater collection/treatment
- ✓ Rain water collection/treatment

Price regulation system in public services sector

The public utilities regulation is carried out by Public Utilities Commission (Commission).

Commission is institutionally and functionally independent regulatory body subordinated to Law On Regulators of Public Utilities

Before the 2009 in Latvia was two-level regulation system:

-  In state regulated sector public services were regulate by Commission;
-  In municipally regulated sectors public services were regulated by 16 municipal regulators.

Who are under regulation by Commission?

Service providers - if the volume of services provided exceeds 100,000 m³/year for at least one of the four service types.

Service types are:



Companies under regulation → **68 water companies** (of 150 total).

Borders for public services prices regulation

In the water management sector the boundaries for provision of public services are:

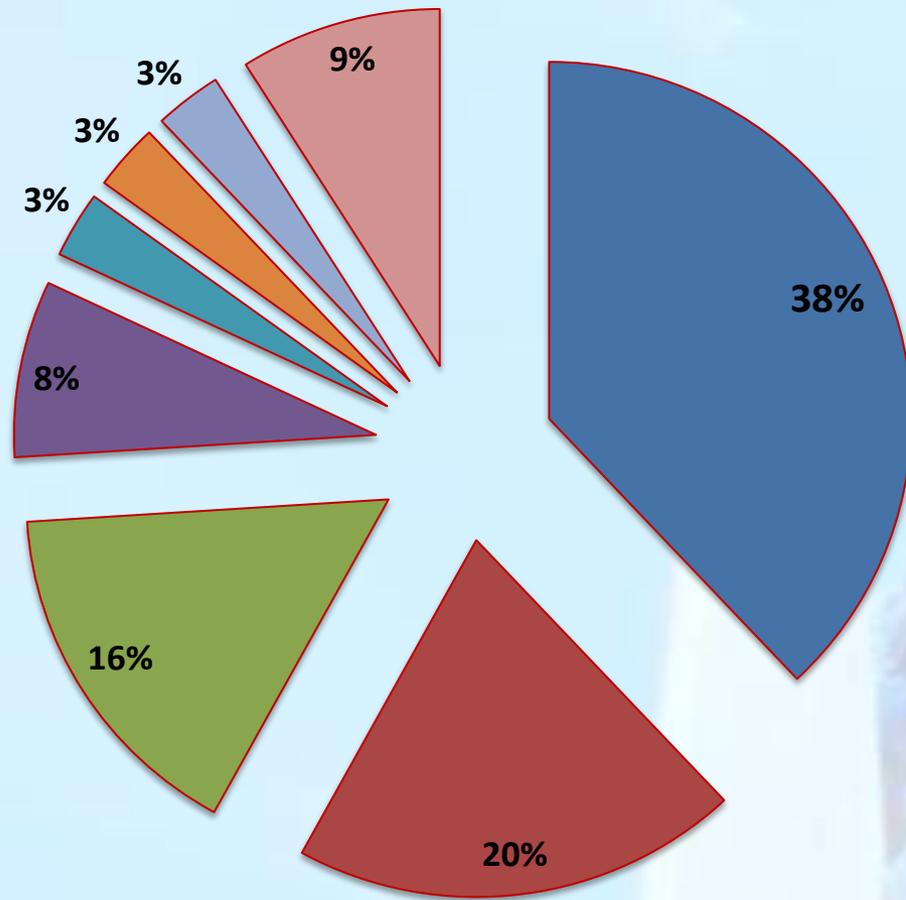
For water supply services – water delivery to a user along the water supply infrastructure (external water networks) owned by a public service provider up to a commercial meter which meters the total consumption of water.

! After 1th of January of the 2016 all the households water consumption should be metered (transition period 4 years).
/Law on water management services/

Public services price includes

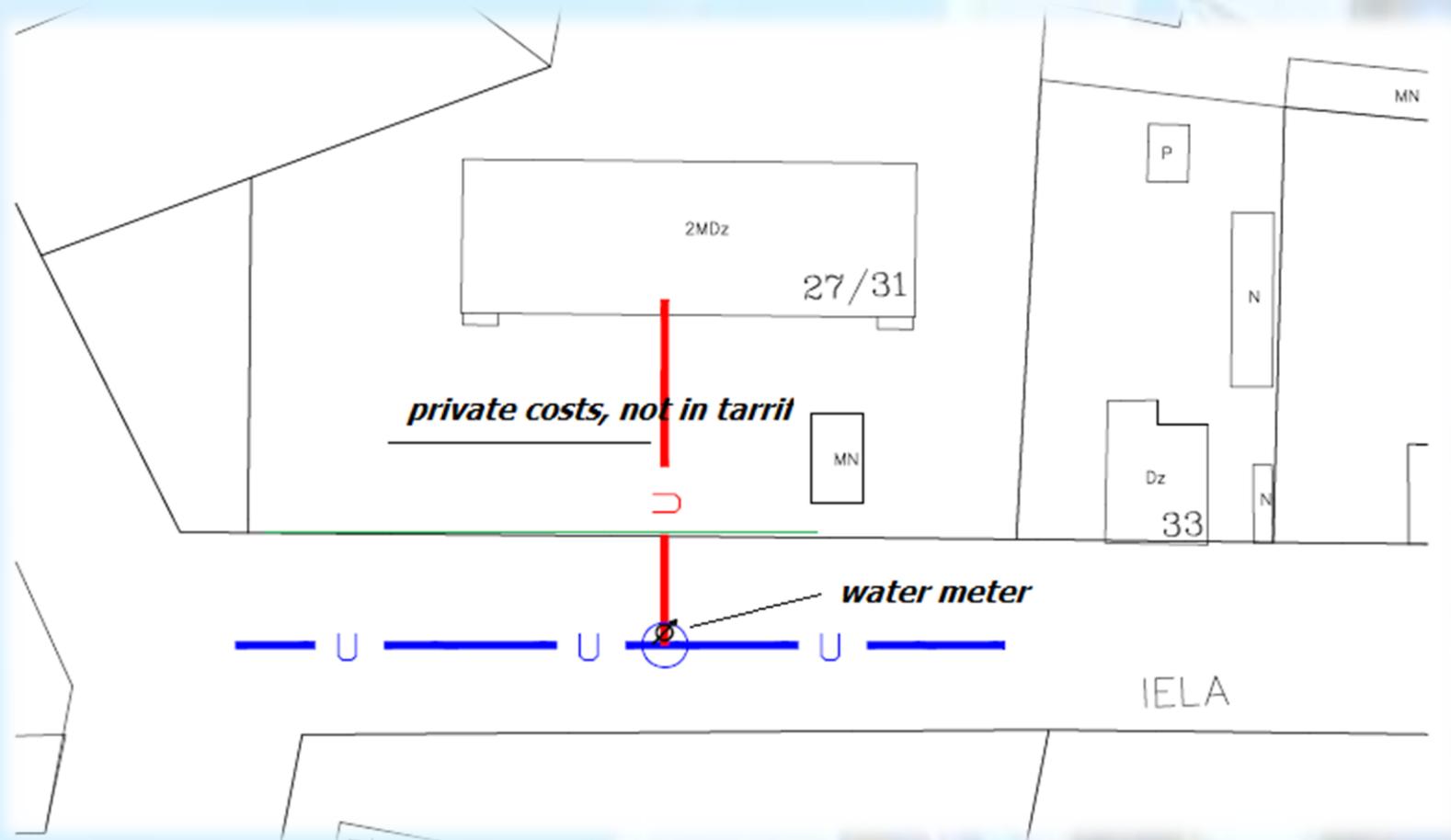
- ✓ **Depreciation on fixed assets** (depreciation of those fixed assets which are created using the EU funds can not be included in tariffs)
- ✓ **Operational costs**
 - staff costs
 - repair costs
 - other costs of economic activities
 - costs of materials
- ✓ **Electricity**
- ✓ **Costs related to the control of the environment**
- ✓ **Expenditure related to guarding, transport maintenance, insurance, communications and other expenditures**
- ✓ **Taxes** (Natural resources tax, property tax, land tax)
- ✓ **Interest payments** of long-term loans and repayments
- ✓ **Profitability** ($\leq 7\%$)

Water Price structure, %



- staff
- electricity
- depreciation of fixed assets
- material costs
- transport
- taxes
- credits
- other administrative exp.

Borders for public services prices regulation



What about rain water - ???

Responsibility



owner's
responsibility

municipal
service

Public/private services

Rainwater
harvesting by land
owners

Centralised rainwater
collection services

